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ABSTRACT

The threatened loss of more than $4.5 billion in federal funds over the next 2 years leaves New York State with three options: to increase state taxes drastically, an action that could jeopardize the state's recent emergence from severe economic crisis; to curtail state services significantly; or to devise a creative new strategy including an expanded reliance on volunteers. This report by a state senate-appointed task force provides background information on the current economic conditions in the state and the potential effects of the federal cutbacks, and describes the possibilities inherent in volunteerism. The current status of volunteerism, the roles played by individuals and corporations in the voluntary sector, and the potential for expanding the use of volunteers are detailed. A survey of local voluntary agencies to obtain suggestions and proposals for actions to encourage increased volunteerism is described, as is a survey of the volunteer offices established by other states' governments. Five proposals specifically recommended by the task force involve creating a state office of voluntary citizen participation, providing income tax deductions for volunteer service and mileage, extending deductions for charitable contributions, publicizing existing benefits for volunteers, and further promoting of volunteerism. (Author/PGD)

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Bolstering New York State's Human Services... any volunteers?

A Report on Promoting Volunteerism

New York State Senate Research Service

Task Force on Critical Problems
New York State Senate
Albany, New York

October 1982

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BOLSTERING NEW YORK STATE'S HUMAN SERVICES . . .

ANY VOLUNTEERS ?

A Report on Promoting Volunteerism

New York State Senate Research Service
Task Force on Critical Problems

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Albany, New York
October 1982

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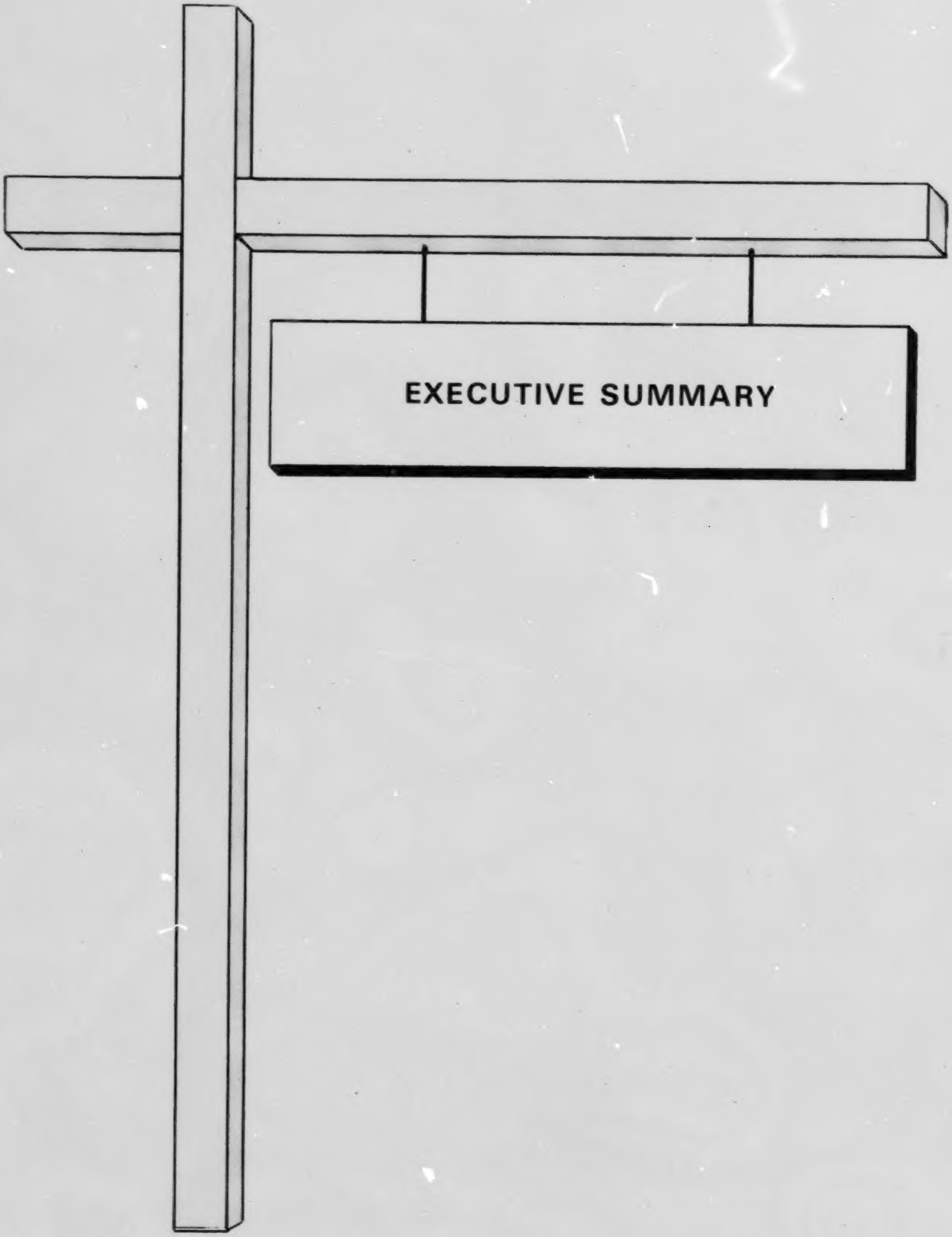
EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

VOLUNTEERISM AND THE CHALLENGE OF THE NEW FEDERALISM

New York State gained an astounding $5 billion worth of volunteer services from 6.6 million people in 1980. In addition to this remarkable effort, the voluntary sector in the State received $10 billion in contributions. Individuals, as opposed to corporations and foundations, contributed an overwhelming majority of this time and money. Volunteerism is a vibrant, very significant $15 billion component of the economy, and may well be a vital part of the State's response to the evolving challenge that will confront our economy in the 1980's.

As a result of the President's New Federalism proposal and of the massive federal budget cuts that are being made to reduce the federal deficit, New York could lose more than $4.5 billion in federal funding in the next two years alone. An extremely large portion of this loss is concentrated in social programs and the vital human services that they fund. The State's long-standing tradition of providing a wide range of high quality human services will be endangered by this loss. It also threatens to reverse the major strides that the State has taken during the last five years both to remove itself from the economic malaise that it suffered during most of the 1970's and to dispel the image that it has a poor business climate. The Empire State has accomplished this feat primarily by instituting a series of tax reductions that have saved taxpayers over $2 billion annually and by broadly publicizing this fact.

These efforts have paid off. New York is weathering the current recession at least as well as most other states. It is no longer losing ground in its share of national nonagricultural employment and the State's unemployment rate has dropped below that of the country as a whole. Its cost of living is not rising as rapidly as in many parts of the United States. The State's population has even begun to grow again. Any attempt to raise State taxes enough to completely offset lost federal funds or to support all affected services could well propel New York back into the downward economic spiral from which the State has worked so hard to escape.

The challenge is clear. Will the State and its localities be able to continue to offer the wide variety of high quality human services that their citizens have come to expect and rely upon? And if so, how will they carry the new burden? Only three courses of action are possible:

- drastically raise State and local taxes to offset the loss of federal funds, a strategy that runs counter to all the positive actions the State has taken in its struggle to escape the economic eclipse that has overshadowed it for a decade;

- severely diminish the services previously funded with federal dollars, leaving many New Yorkers without the assistance that they genuinely need; or

- devise a creative new strategy, which includes an expanded and strengthened voluntary sector as a major component and that will bolster vital services without excessive tax increases.

The third option provides the only viable choice for coping with the challenge posed by the New Federalism.

VOLUNTEERISM--HOW CAN IT HELP?

Before a new strategy can be devised, the potentials and limitations of volunteerism must be understood. The potential of volunteerism is staggering. Even a modest increase in the $15 billion that the voluntary sector contributes to the State's economy, if effectively channeled towards meeting the challenge of the New Federalism, could be a valuable boon to bolstering the affected human services in New York and its communities.

But are volunteers interested in donating their time and money to these types of activities? The voluntary sector is already heavily committed to work that parallels government efforts to deliver services in education and culture, health and rehabilitation, social welfare, justice, recreation and other human services areas facing federal cuts. This indicates that State and local services could definitely benefit from a coordinated campaign to increase volunteer hours and contributions in these areas. The challenge to New York State will not be in convincing people to volunteer or financially support voluntary sector agencies, but rather in getting them to do more and enabling them to achieve their greatest possible effectiveness.

Realizing the huge potential that exists, President Reagan has proposed that a new "spirit of volunteerism" help to meet the needs formerly addressed by the deleted federal funds. To encourage the cultivation of this spirit, the tax exemption on corporate charitable contributions was raised from five percent to ten percent of pretax earnings and individual taxpayers will be allowed to deduct charitable contributions from their unadjusted income even if they do not itemize on their returns. The President's Task Force on Private Sector Initiatives was also established to investigate how individual, foundation and corporate philanthrophy and volunteering could be more effectively used.

Yet, even with the existing potential and these moves to stimulate it, can the voluntary sector expand to help fill the developing void? Critics raise two very important points. The first is that some of the changes in the federal tax laws enacted in the past two years may actually hinder charitable giving, causing a loss of more than $18 billion by 1984. The second criticism questions the view that corporate giving and volunteerism can be increased to offset a substantial portion of the budget cuts. While federal budget reductions amounted to $35 billion in 1982, all corporate giving in 1980 totalled $2.7 billion. To expect that corporations will expand their giving by at least a tenfold increase,

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or that they will grant release time to larger numbers of paid employees for voluntary activities, especially in these recessionary times, is quite unrealistic.

However, by concentrating on the corporate community, a vast majority of the voluntary sector is being ignored. Individuals contributed nearly $40 billion in 1980, compared to the $2.7 billion given by corporations and the $5.2 billion realized through bequests and foundations. Much can be gained by encouraging and stimulating the "spirit of volunteerism" in this vast group.

The potential obviously exists in New York State to utilize volunteerism as a significant part of any effort to preserve State and local services endangered by federal budget cuts. Not-to-drastic increases in the existing level of voluntary activity and charitable giving by individuals could produce several billion dollars worth of time and financial support to bolster human services in New York State. The basic willingness to get involved in volunteer activities and to contribute already exists. Therefore, proposals for State action to promote volunteerism and charitable contributions need only focus on attaining greater participation and in effectively directing that additional participation towards areas where it will do the most good, particularly in the delivery of human services.

How can New York promote this greater participation? A survey of the local Voluntary Action Centers, involved in voluntary activities in communities all across the State, garnered 22 distinct suggestions. These were primarily concerned with various tax breaks and incentives as well as the formation of a State-directed effort to assist local agencies and to promote or publicize volunteerism. A second survey, of the 25 states which had volunteer offices in 1981, added to the list of possible ways to promote and encourage volunteerism in New York State.

PROMOTING VOLUNTEERISM IN NEW YORK STATE

Using many of the ideas generated, the Task Force on Critical Problems developed five recommendations for State action that will enable the voluntary sector to more effectively contribute to the delivery of human services in New York. If adopted, these proposals will strengthen the voluntary sector by:

- creating a State Office of Voluntary Citizen Participation that would promote volunteerism statewide, provide training and other technical services to local agencies and develop a statewide resources data bank;
- providing tax breaks for volunteers who donate significant amounts of their time to State and community agencies as an incentive for increased citizen participation;
- increasing the volunteer mileage deduction rate from 9 cents per mile to the business rate of 20 cents per mile to ease the transportation cost barrier;
- providing an income tax deduction for otherwise nonitemized donations to encourage smaller donors to support charitable agencies; and

- publicizing existing State benefits for volunteers more thoroughly to stimulate new individuals to enter the voluntary sector to obtain work experience and other useful advantages.

While these recommendations do not cover every action that could promote volunteerism in New York, as a group they provide the State with a significant means of preserving, and perhaps later expanding, endangered human services without radically increasing State or local expenditures. Each is oriented towards the individual volunteer.

State Office of Voluntary Citizen Participation

A State Office of Voluntary Citizen Participation could strengthen New York's voluntary sector through many creative approaches. Specifically, the SOVCP could:

- create a computerized listing of resources available across the State for meeting community and State agency needs;
- coordinate training for community service agencies, drawing upon State government resources and private sector skills which might not be available in a given community;
- meet with New York State employers to encourage corporate volunteering programs;
- promote volunteerism through a public relations/publicity campaign;
- promote greater use of volunteers within State agencies to supplement or enrich existing programs; and
- encourage more volunteerism studies and activities at schools and colleges in the State to strengthen the volunteer ethic among Empire State students.

These are not the only services that a SOVCP could offer, but they are important, initial efforts that would make the State office a valuable resource for the Empire State.

Income Tax Deduction for Volunteer Service

The enactment of an income tax deduction for volunteer service, such as that embodied in S. 8094-A (Pisani, 1982), would serve as an enticement to provide greater service and demonstrate that New York is serious in its efforts to promote volunteerism. Similar in nature to the present deduction for charitable contributions, this measure would recognize that volunteers are giving their time in service to others, just as donors contribute money to charitable causes. By setting standards for qualifying for the tax deduction and restricting the types of organizations for which volunteer time credit could be claimed, it can be ensured that benefits to State and community public services will far outweigh any lost tax revenues. The Senate has passed this type of measure in each of the last two years, but it has never been acted upon in the Assembly.

Volunteer Mileage Deduction

In 1981, individual income tax payers were allowed to deduct 20 cents per mile on federal and State tax returns for the business use of their automobiles, while volunteers were only allowed to deduct 9 cents per mile. If a greater emphasis is to be placed on volunteerism for the delivery of public services, it is important to recognize that the same very real transportation costs are involved in volunteering as in business. Pegging the volunteer mileage deduction to the business use deduction would provide a measure of equity and declare that the State takes volunteerism seriously in meeting the challenge of the New Federalism.

Extending the Deduction for Charitable Contributions

Another proposal for promoting increased volunteerism in the Empire State, especially amongst smaller donors, involves permitting taxpayers who take the standard deduction instead of itemizing, to also deduct the amount of eligible charitable contributions when calculating their State income tax. This is an attempt to stimulate a larger amount of charitable contributions and would conform New York's tax law with a newly enacted federal provision. The Senate has approved legislation each year since 1980 (the latest being S. 2455-A, Goodman, 1982) to institute this proposal in New York, but the Assembly has failed to follow the lead.

Publicizing Existing Benefits for Volunteers

The final recommendation calls for a more coordinated effort to publicize the benefits currently available to New Yorkers who volunteer and any benefits that may be enacted in the future. State and local job seekers are allowed to claim work experience for relevant, verifiable volunteer work when applying for Civil Service positions. Volunteers working for State-approved programs also have Workers' Compensation and liability coverage. These benefits have not been adequately promoted in the past, but by being publicized, they could serve as a powerful tool in recruiting volunteers.

Are There Any Volunteers?

The combination of these tax benefits, the creation of a SOVCP for New York and the publicizing of existing benefits for volunteers offers a creative, alternative strategy for offsetting the federal budget cuts. Increased volunteerism should not be expected to solve all of the problems created by the federal cuts, as some reductions, for example, fall in areas not viable for significant volunteer involvement. However, it can be a major component of the plan for coping with the new fiscal realities. The elimination of duplicated services and a search for greater efficiency and cost effectiveness should not be overlooked. Increasing the State's tax levy is not the answer because doing so would return the Empire State to the downward economic spiral that would ultimately affect government's ability to provide the public services that are dependent upon a healthy economy for their support. That leaves New York asking, "Are there any volunteers?"

INTRODUCTION

INTRODUCTION

With the advent of President Reagan's "New Federalism" and his multibillion dollar federal budget cuts, the strategy of seeking and spending federal money to solve state and local problems is losing much of its viability. For better or worse, federal support for state and local programs will not be nearly as available or as plentiful as it once was. New York, with at least $4.5 billion in federal budget reductions, is facing an exceptionally difficult challenge because the budget cuts are concentrated heavily in the area of human services. This is one of the few areas where the State has enjoyed a comparative advantage in federal spending over the level of federal taxes collected in the State. That means New York will have to make a greater effort to adjust to the new federal-state relationships than will the average state. A new strategy is thus needed for solving the problems and providing the human services that were formerly underwritten by the federal government.

New York State essentially has three paths open to it in its attempt to cope with the impact of the federal budget cuts. It can:

- raise State taxes to offset the federal budget cuts on a dollar-for-dollar basis;
- drastically cut the services previously funded with federal dollars; or
- develop a creative strategy that retains vital services without levying major tax increases.

The first pathway seems, at first glance, to be acceptable because New Yorkers will be paying lower federal taxes. However, New York is a member of a vast "Common Market" of 50 states, all of which can influence their economic competitiveness with one another through their relative levels of taxation. If New York drastically increased its taxes while other states refrained from doing so, its economy could return to the downward economic spiral that gripped the

State throughout much of the 1970's.

Slashing State and local services is likewise not a viable proposal. The sharp federal budget reductions provide an opportunity to eliminate the duplication of services and seek greater economy and efficiency where they are possible, but too many programs that fill vital needs cannot be eliminated overnight without creating serious social and economic dislocations.

Only the third alternative--developing a new means of retaining services without imposing burdensome tax increases--offers New York State a realistic route for coping with the federal budget cuts. If ways can be found to continue vital services without increasing the tax levy, New York will be able to meet its citizens' needs without stifling the rebirth of economic competitiveness that it is now experiencing. Increased volunteerism has been proposed from the local through the federal levels as one of the means for achieving this aim. This report will assess the potential of volunteerism to meet the challenge posed by the federal budget cuts and consider ways of strengthening the voluntary sector so that it may assume a greater role in the delivery of human services.

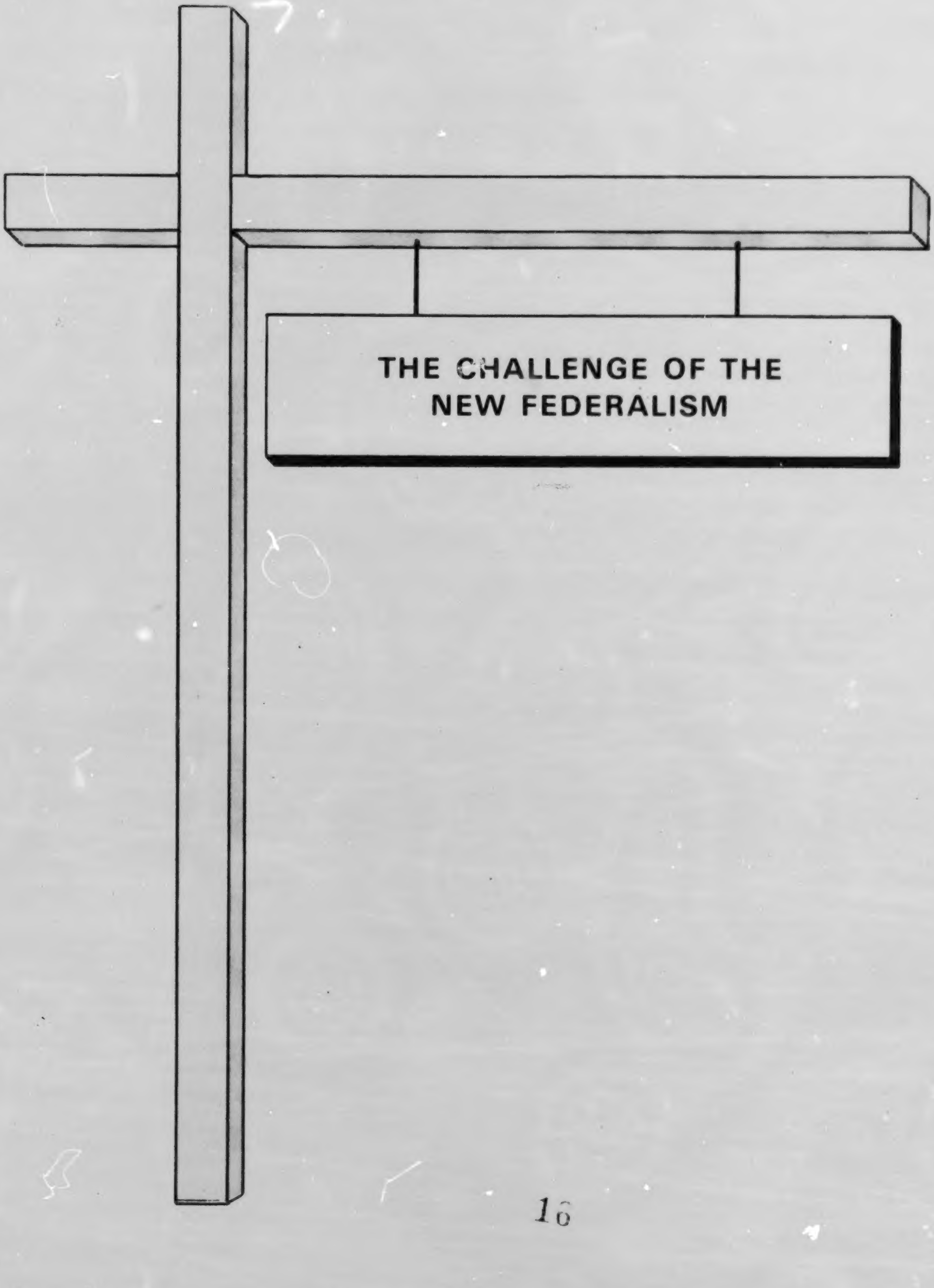
This report is not, however, proposing to replace State and local employees with volunteers. Volunteers prefer, as the research indicates, to help other people directly, as their time and interests permit. Conversely, government has many assignments requiring regular work hours and special training that would not appeal to volunteers because they involve administrative, clerical or other support activities that are needed for, but are divorced from, the direct provision of services. Some programs affected by the federal budget cuts, such as highway construction, also have little or no way of making significant use of volunteers. Volunteers can work with State and local employees to develop and implement new plans for State and local services, making important and valuable contributions, but they will not be able to supplant those employees.

This report will examine the volunteer as a potentially significant component in a new, creative strategy that seeks to help people through people, not through federal dollars alone. In its first chapter, "The Challenge of the New Federalism," it looks at the nature of President Reagan's proposals for transferring responsibilities for some federal programs to the states and what types of services will be most affected by the recent and pending federal budget cuts. "Escaping the Economic Eclipse" will follow with a discussion of why New York State cannot simply increase its own taxes to offset those federal cuts. It contends that enactment of any major tax increase would weaken the State's economy and force even more New Yorkers to rely upon the public sector for support. That, in turn, could lead to a new round of tax increases designed to shore up those public services that would further weaken its economy and put New York State back on its downward economic spiral.

This report will then advance, in "The Nature of Volunteerism," to an overview of the voluntary sector and a consideration of the sector's potential for helping to counterbalance the loss of State and local services inherent in the federal budget cuts. Volunteerism may not be the sole answer to the challenges posed by the budget cuts, but increased volunteerism may provide part of the means by which those challenges are overcome. In anticipation of volunteerism being at least part of the answer, the Task Force on Critical Problems undertook a survey of local Voluntary Action Centers in New York State to learn ways that they, as voluntary sector planners and information clearinghouses, believe the voluntary sector can be strengthened to assume an even more important role in the delivery of State and local services. The results of that survey are reported in the chapter, "Local Agency Views on Promoting Volunteerism."

The creation of a State Volunteerism Office was not only proposed by many of the Voluntary Action Centers responding to the Task Force's survey, it has also recently received serious consideration by several State agencies and such offices have served as vehicles for strengthening the voluntary sectors in other states. The Task Force therefore surveyed state volunteer offices in those states that have them to learn how they and their states promote volunteerism. The findings of that survey are detailed in "The Role of the Volunteer Office in Other States." The following chapter, "Volunteers and New York State Government," outlines how three State agencies have made effective use of volunteers in order to demonstrate that volunteerism can fill an important role in the delivery of State and local services. In addition, the chapter looks at existing Civil Service benefits for volunteers and reviews earlier efforts to start a State Volunteerism Office in New York.

This report concludes with five proposals for promoting volunteerism and strengthening the voluntary sector that should enable volunteers to assume even more responsibilities in the delivery of New York's State and local services. These proposals are based upon research which indicates that volunteerism has the potential to help offset, in part, the federal budget cuts and the resulting loss of human services to New Yorkers. Further, these proposals recognize that New York State cannot afford to begin raising its taxes again because that will once more weaken the economic base supporting public services.



THE CHALLENGE OF THE NEW FEDERALISM

THE CHALLENGE OF THE NEW FEDERALISM

AN EVOLUTION IN STATE AND LOCAL SERVICES

Across New York State public and community leaders are recognizing that the way in which we have provided State and local services must undergo an evolution if the services are to be retained. The Reagan Administration in Washington has begun what will be for many states a painful transition from heavy reliance upon federal funding to more dependence upon, and more effective utilization of, state and local resources. In return, state and local governments, agencies and organizations will recover greater latitude in finding solutions to their problems; the reduction in federal aid will ostensibly be accompanied by a gradual reduction in federal control.

This "New Federalism" poses a formidable challenge to the Empire State. New York needs to develop a strategy for retaining vital services without radically increasing its tax levy. Overburdened with high State and local taxes, New York experienced a prolonged economic downturn during the 1970's that saw it suffer from a downward spiral of deeper and longer recessions, followed by weaker recoveries, than those experienced by the nation as a whole. By some economic measures, such as its higher unemployment rate and its 1970-80 population drop, New York experienced absolute decline. By other measures, such as its factory output, the State's decline was a relative one in comparison with the economic performance of the rest of the country. However, New York initiated a remarkable turnaround in 1977 when it began a series of tax-cutting measures that strengthened the State's position in the competition for business start-ups and expansions, which are the primary components of employment growth. The first signs of the Empire State's emergence from its "economic eclipse" of the 1970's have included a now lower-than-average unemployment rate and the reemergence of population growth.

If New York were to start hiking its taxes drastically to compensate for federal aid cutbacks, the recently broken, downward economic cycle could reassert itself. Ultimately, with a fleeing population, declining employment and a growing social services load, community and public services would crumble due to the inability of the State's taxpayers to support the increasing costs. Yet New York State, its local governments and its community agencies support services vital to our economic and community health which require a vigorous economic base for their continued existence. Imagine for a moment an "Empire State" that did not care about its poor, its mentally handicapped or its physically disabled. Students with learning disabilities would not receive the help they need to become productive citizens. With recreational programs and parks closed, more youths would take to the streets. The handicapped would be dumped upon the State's communities without adequate supportive services. Health services would be curtailed. Public social services programs would be overburdened due to the withdrawal of private agencies from the complex network available to help those in need. This scenario might come to pass if New York meets the challenges posed by the Reagan Administration's new view of federalism through the expediency of drastically raising taxes on a dollar-for-dollar basis to offset the federal budget cuts.

But if that challenge is met with creative actions, New York's State and local services can be retained and even improved while continuing the State's economic progress. It is crucial that those who develop alternatives to the federal budget cuts recognize how New York's State and local services, its economy and its relative level of taxation are all interrelated. Action on any one of the three can have significant impact upon the other two. Increased and more effective use of volunteers has been suggested by the Reagan Administration, as well as by others, as one approach to retaining those services that have been adversely affected by the federal budget reductions. As a first step in developing such a strategy, though, it will be useful to observe where the budget cuts have been made and what magnitude they have. The location and magnitude of the cuts can then be compared with the nature and magnitude of existing volunteerism to determine if the voluntary sector possesses the potential for assisting with the retention of the endangered services.

THE SCOPE OF THE FEDERAL BUDGET CUTS

President Reagan's "New Federalism" and his economic policies involving major federal taxation and budget cuts will have dramatic effects upon New York State, its local governments, voluntary sector agencies and the State's citizenry. In his January 26, 1982, State of the Union Address, the President

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proposed a "swap" of responsibilities between state and federal governments, with states assuming full responsibility for the financing and operation of Aid to Families with Dependent Children and the Food Stamp program while the federal government would assume the entire cost and responsibility for Medicaid. President Reagan's vision of the "New Federalism" foresees a potential "turnback" of 127 separate categorical grants to the states with interim federal financial support offered through a $28 billion per year trust fund to help states adjust to their new responsibilities. Certain federal excise taxes and the windfall profits oil tax would finance that trust fund, and, eventually, the federal government would withdraw from the excise tax area, leaving it to the states as their funding resource for the "turnback" programs (1).

Theoretically, the "turnback" programs will be "revenue neutral," with gains like the $2.3 billion that New York State should realize from the Medicaid swap being balanced off by equal reductions in state support from the federal excise tax trust fund (2). Calculations for the basic trust fund support, though, will be based upon each state's share of the fiscal year (FY) 1983 budget for the programs being turned back. In this respect, New York ought to be a loser if the "New Federalism" is adopted as President Reagan has outlined it because the State will be experiencing considerable reductions in human services as a result of the FY 1982 and 1983 budgets. Table 1, which lists the proposed components of the "turnback" program, demonstrates how the "turnbacks" are heavily dominated by human services. The "New Federalism" had not been adopted as of September, 1982, and President Reagan has promised not to finalize his plans without first consulting state and local leaders to obtain their support. However, if adopted in anything near its initial outline, the "New Federalism" would carry considerable consequences for New York State in terms of curtailed support for State and local services. The key to this analysis is that New York State is expected to experience substantial support reductions in human services as a result of the FY 1982 and 1983 budget reductions, which are heavily rooted in the human services area.

As plans for the "New Federalism" were being generated, The Reagan Administration embarked upon a taxation and budget-cutting process that was designed to stimulate the national economy and balance the federal budget. In February, 1982, the New York State Senate's Washington Office reported that, in addition to the $35 billion in cuts made for FY 1982, the Reagan Administration was seeking an additional $56 billion in entitlement revisions and cuts for FY

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Table 1

Components of President Reagan's "Turnback" Proposal (3)

Category/Program (# of Programs)	Types of Grants Made in FY 1981
EDUCATION AND TRAINING (5)	
Vocational Rehabilitation	5
Vocational and Adult Education	13
State Block Grants (ECIA Ch. 2)	23
CETA	8
WIN	1
	55
INCOME ASSISTANCE (1)	
Low Income Home Energy Assistance	1
SOCIAL, HEALTH AND NUTRITION SERVICES (18)	
Child Nutrition	4
Child Welfare	1
Adoption Assistance	1
Foster Care	1
Runaway Youth	1
Child Abuse	1
Social Services Block Grant	2
Legal Services	1
Community Services Block Grant	8
Prevention Block Grant	8
Alcohol, Drug Abuse and Mental Health Block Grant	5
Primary Care Block Grant	1
Maternal and Child Health Block Grant	7
Primary Care Research and Development	1
Black Lung Clinics	1
Migrant Health Clinics	1
Family Planning	1
Women, Infants and Children (WIC)	1
	46
TRANSPORTATION (11)	
Grants-in-Aid for Airports	2
Highways (6)	6
Appalachian Highways	1
Urban Mass Transit:	
Construction	1
Operating	1
	12
COMMUNITY DEVELOPMENT AND FACILITIES (6)	
Water and Sewer (2)	2
Community Facilities Loans	1
Community Development Block Grant	2
Urban Development Action Grants	1
Waste Water Treatment Grants	1
	7
REVENUE SHARING AND TECHNICAL ASSISTANCE (2)	
OSHA State Grants	1
General Revenue Sharing	2
	3
GRAND TOTALS:	
Programs	43
Grants Made in 1981	124

1983 (4). As with the "turnbacks" envisioned in the "New Federalism," these will be heavily weighted towards the human services area of the federal budget.

Governor Carey convened a Task Force on the Federal Budget in 1981 which issued a report on April 1, 1982, that outlines the effects of the FY 1982 and 1983 budget cuts upon the citizens of New York State. The Governor's Task Force determined that during 1982, "New York State and local governments and State residents, who are beneficiaries of federal aid and entitlement programs, are expected to lose in excess of $2.2 billion, compared to 1981." (5) The impact of President Reagan's proposed FY 1983 budget is expected to be an additional loss of $2.28 billion. These cuts will deeply affect the level and/or quality of human services in New York State. The cuts during these two fiscal years are anticipated to include, among the larger losses:

- $180 million for elementary, secondary and continuing education;
- $495 million for postsecondary education;
- $20 million for vocational rehabilitation;
- $397 million for Comprehensive Employment and Training Act programs;
- $21 million in Senior Community Service Employment Program funding;
- $7 million in Job Corps opportunities;
- up to $310 million in Medicaid health services support;
- $46 million in Medicaid funds for mental retardation services;
- $59 million in Medicaid support for mental health services;
- $37 million in Alcohol and Drug Abuse and Mental Health Services Block Grant programs;
- $8 million in Maternal and Child Health Block Grant support;
- $3 million in funding for the State's eight Health Systems Agencies;
- more than $100 million in Aid to Families with Dependent Children;
- $24 million in Child Support Enforcement funding;
- over $495 million in Food Stamp benefits;

- $61 million in Low Income Energy Assistance funds;
- $16 million in payments to Supplemental Security Income recipients in New York State;
- $90 million in Social Services Block Grant funds;
- $20 million in Child Welfare Block Grant funds;
- $29 million in Older Americans Act programs; and
- $21 million in Community Services Block Grant programming (6).

Other estimates support these figures. Senator Daniel P. Moynihan (N.Y.), who has annually monitored the Empire State's share of federal spending, has stated that the State will bear 9.25 percent of the federal spending cuts in FY 1982, rising to 11.68 percent in fiscal 1986 (7), which are heavier than average burdens in light of New York's 7.75 percent share of the national population in the 1980 Census. Budget aides for Mayor Edward I. Koch of New York City have estimated the City's 1981-82 fiscal year losses at $190.2 million, following initial cuts of $272.5 million (8). The City made up $193 million of its initial losses through increased municipal spending, but it does not appear likely that it could offset much of the succeeding reductions.

It is logical to predict that New York State will suffer a disproportionate share of the federal budget cuts. Although the welfare swap proposed by President Reagan in his 1982 State of the Union Address may benefit the State fiscally by having the federal government assume a program that is more costly than the one that it turns over to the State, the loss in proposed excise tax trust fund support and the many areas where cuts have been enacted or proposed will see New York affected more adversely than most other states. The Reagan Administration's cuts appear to be directed more towards "social" spending than, say, for defense or other "hard" budget items. New York has fared better in its share of spending by federal agencies providing such "social" services than it has with agencies falling under the "hard" budget characterization. Table 2 supports this contention; New York has received relatively high shares of the spending by agencies like the Departments of Health and Human Services and Housing and Urban Development (HUD) and the Agencies for International Development and Environmental Protection while faring relatively poorly with the Department of Defense. Different arguments can be made for what constitutes a fair share of federal spending for the Empire State, but several figures provide a reasonable guideline. With just under 7.8 percent of the national population according to the 1980 Census, New York received 7.7 percent of total federal

Table 2

New York State Percentage of Federal Agencies' Expenditures: 1969-80 (9)

Agency or Department	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969
Agriculture	6.1	7.6	7.6	7.6	7.9	7.1	8.8	15.1	9.8	7.7	7.1	6.3
Commerce	8.6	6.1	9.2	11.6	10.4	12.5	9.2	10.6	10.4	9.0	12.3	20.0
Defense	5.3	5.1	5.4	5.7	5.0	5.9	5.1	6.5	6.6	6.8	6.5	6.0
Education	8.6											
Energy	3.4	2.8										
Health, Education & Welfare	***	10.0	10.0	10.3	10.1	10.7	10.8	11.1	11.6	11.0	10.7	11.5
Health & Human Services	9.6											
Housing and Urban Development	10.4	11.9	11.9	7.0	4.4	9.9	5.6	9.9	9.8	9.7	9.4	7.7
Interior	1.2	1.4	1.4	1.0	0.9	1.0	1.1	1.3	0.8	0.7	3.0	1.7
Justice	7.2	7.0	8.0	9.2	7.6	7.8	8.0	8.1	8.6	8.6	8.5	7.6
Labor	8.4	8.9	10.9	7.6	9.7	9.1	9.3	8.8	10.5	9.2	6.1	11.6
Transportation	7.8	6.8	9.0	8.2	8.8	4.3	6.5	8.9	4.2	5.0	5.5	5.9
Treasury	10.1	10.4	10.6	11.8	39.2	37.8	37.7	35.4	41.6	41.4	40.0	42.0
International Development	*	*	*	0.4	44.8	40.3	24.5	24.0	18.2	17.3	23.1	27.0
Civil Service Commission	6.9	6.8	7.2	7.5	8.1	8.7	9.5	10.1	11.6	11.6	12.4	12.4
Energy Research & Development	**	**	**	4.4	5.6	5.6						
Environmental Protection	9.3	9.1	2.7	17.8	7.3	11.8	24.9	12.0	12.5	11.5		
General Services	7.0	5.4	7.9	7.3	8.1	7.2	7.2	7.5	7.1	7.1	7.8	8.7
Home Loan Bank Board	0.2											
NASA	1.0	1.5	1.3	1.3	1.6	1.7	2.2	1.5	1.6	4.3	8.1	9.8
National Science Foundation	10.0											
Postal Service	10.7	10.8	N.A.	11.0	11.0	11.2	11.3	11.5	12.9	N.A.	13.4	13.1
Railroad Retirement Board	5.7	5.8	5.9	6.0	6.1	6.2	6.3	6.5	6.5	6.5	6.6	6.7
Small Business	5.7	5.9	5.3									
TVA	8.3	12.6	N.A.	10.7	16.4	11.0	17.5	18.6	16.5	21.8	18.7	20.3
Veterans Administration	7.0	7.1	7.5	7.4	7.1	7.1	7.4	7.5	7.6	7.7	7.9	6.8
All Agencies	7.7	7.9	8.1	8.6	11.3	11.3	11.6	12.0	11.4	11.4	11.2	10.9

*No longer a billion dollar agency

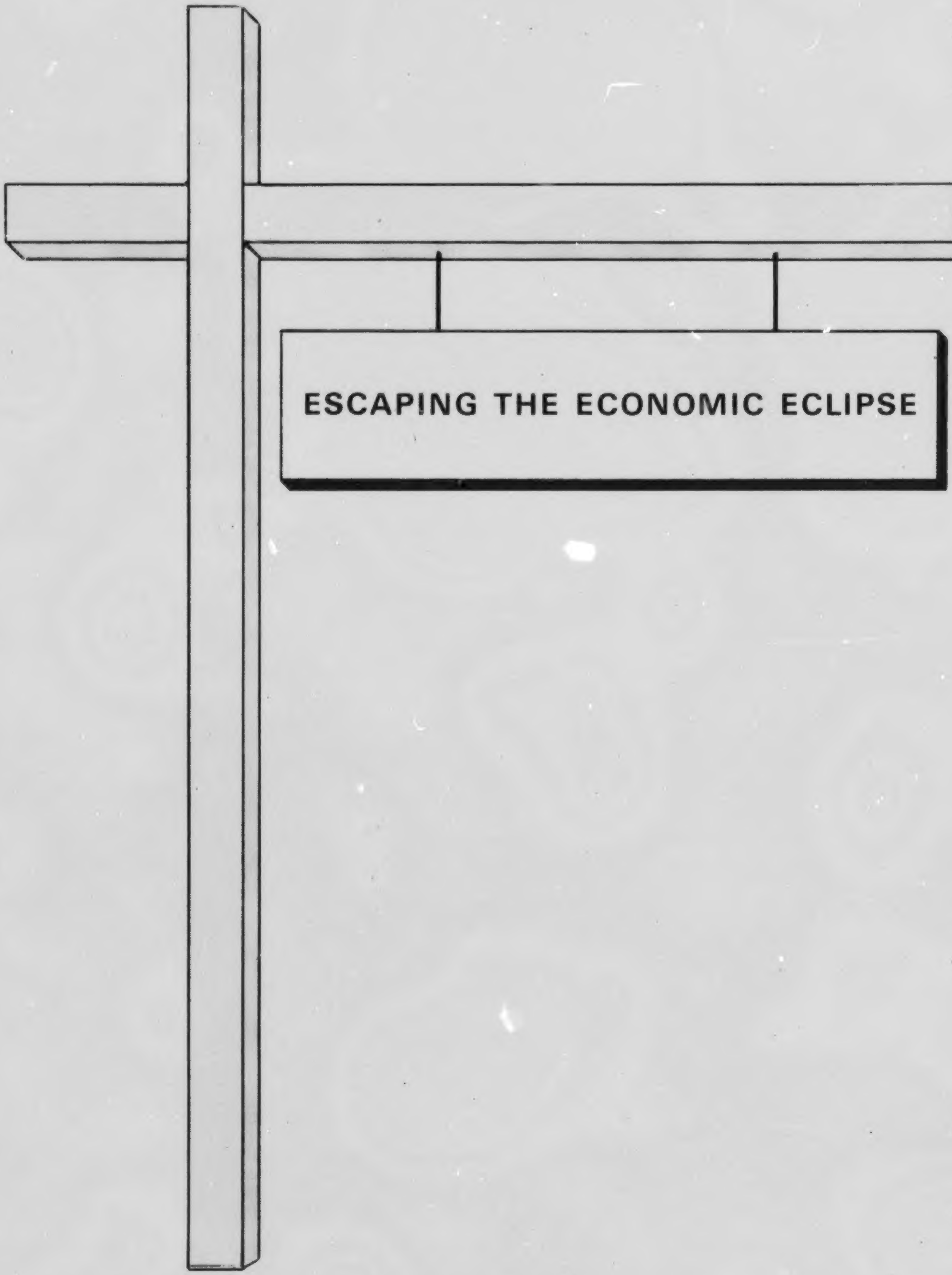
**Incorporated into the Energy Department

***HEW was split into two agencies--the Department of Education and the Department of Health and Human Services spending in FY 1980 while contributing approximately 11.0 percent of the federal government's revenues (10). As long as the Reagan Administration's "New Federalism" concentrates on turning "social" programs back to the states for administration and funding, New York will suffer more than most other states. Recognizing that the Reagan Administration has advocated greater reliance upon volunteerism in meeting the nation's "social" needs and that it has already generated considerable "social" budget cuts, New York confronts an immediate priority of developing a plan for adjusting to the "New Federalism."

DEVISING A NEW STRATEGY

Now that it is recognized that the federal budget cuts will have a significant impact upon the Empire State, a strategy ought to be devised that will enable New York to preserve its level and quality of State and local services without devastating its economy through radically increased taxation. It is projected that New York State, its local governments and its citizens will lose at least $4.5 billion in direct federal support due to the FY 1982 and FY 1983 budget reductions. A massive State tax increase would be required if New York were to attempt to offset those cuts on a dollar-for-dollar basis. Federal budget cuts of that projected magnitude, however, would mean major human services program losses were the State to take no action at all, allowing programs and services to lapse.

The following chapter will review the factors that contributed to the downward economic spiral experienced by the Empire State during the 1970's and explain why New York must not follow the higher taxes route in contending with the federal cutbacks. A clear understanding of the adverse impacts that excessively high taxes have had on the State's economy will demonstrate why a new, creative strategy must be found for coping with the federal budget cuts.



ESCAPING THE ECONOMIC ECLIPSE

ESCAPING THE ECONOMIC ECLIPSE

New York State has begun to emerge from the cycle of deeper recessions and weaker recoveries than those experienced by the nation as a whole, that has gripped the Empire State's economy from the 1960's through the 1970's (1). New York experienced higher unemployment, slower growth in its factory output and a declining share of the nation's population and nonagricultural employment. Living costs in New York City and Buffalo were exhibiting a similarly poor performance, rising above the average for the United States urban index. Not every measure of economic performance showed absolute declines for the State, but on index after index New York declined relative to the United States as a whole, leading to the description of its difficulties as an "economic eclipse." Recent research establishes a link between the State's relatively high taxes and that eclipse. In view of that linkage, any strategy involving major tax increases at the State level to offset the federal budget cuts poses a clear threat to New York's improving economy. A brief discussion of New York's period of economic eclipse and the linkage between it and the State's high taxes will therefore be very informative for those attempting to devise a strategy for offsetting the federal cuts.

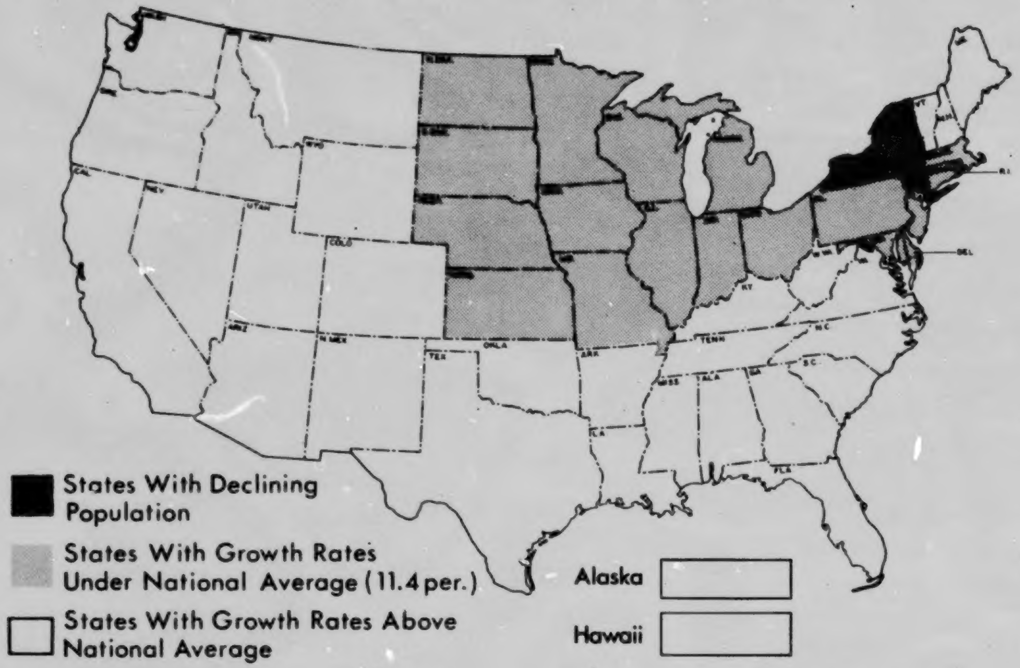
THE CYCLE OF DECLINE

Population Decline

New York's downturn has been most obvious in the State's performance in the 1980 Census. One of only two states to lose population during the 1970-80 decade, the Empire State experienced a net loss of 683,194 residents for a 3.8 percent drop (2). The State's performance was mirrored by most of the rest of the Northeast and the Midwest, where aggregate growth lagged behind that of the South and West. Figure 1 illustrates that point; every state losing population or growing more slowly than the national average was located in the "Frostbelt," running from New England through the Great Plains. Only upper New England

Figure 1

State Population Patterns: 1970-80 (3)


■ States With Declining Population
▨ States With Growth Rates Under National Average (11.4 per.)
☐ States With Growth Rates Above National Average
Alaska
Hawaii

escaped the Frostbelt trend by posting higher than average population growth. Table 3 shows that the trend could even be seen before 1980, with the 1960-70 decade forming the roots of the Frostbelt-Sunbelt cleavage. New York exhibited the weakest population performance during 1970-80 after posting a growth rate barely out of the bottom third during the 1960's.

Drop in Nonagricultural Employment and Factory Output Growth

Paralleling the State's population decline has been a drop in New York's share of national nonagricultural employment. From 1960 through 1979, the State experienced a continuously downward march in its share of that employment, as Figure 2 illustrates. The State's nonagricultural employment suffered an absolute decline from 1969 through 1976, as well as a relative decline, falling from an annual average of 7,182,000 in the former year to 6,790,000 seven years later (4). Unemployment in New York meanwhile overtook the national average rate in 1971, with the State's comparative disadvantage reaching its peak in 1976 (as seen in Figure 3). Figure 4 reveals further weakness in the Empire State's economy, showing how, using 1967 as a base, factory output growth in the State lagged behind national industrial production increases. Here, the gap attained its widest point in 1979.

Table 3

Populations of the States: 1960-80 (5)

	Population				
		(000)		Percent Change	
State	1980	1970	1960	1970-80	1960-70
Alabama	3,890	3,444	3,267	12.9	5.4
Alaska	400	302	226	32.4	33.6
Arizona	2,718	1,772	1,302	53.1	36.1
Arkansas	2,286	1,923	1,786	18.8	7.7
California	23,669	19,971	15,717	18.5	27.0
Colorado	2,889	2,207	1,754	30.7	25.8
Connecticut	3,108	3,032	2,535	2.5	19.6
Delaware	595	548	446	8.6	22.8
District of Columbia	638	757	764	-15.7	-1.0
Florida	9,740	6,789	4,952	43.4	37.1
Georgia	5,464	4,590	3,943	19.1	16.4
Hawaii	965	770	633	25.3	21.7
Idaho	944	713	667	32.4	6.9
Illinois	11,418	11,114	10,081	2.8	10.2
Indiana	5,490	5,194	4,662	5.7	11.4
Iowa	2,913	2,825	2,758	3.1	2.4
Kansas	2,363	2,249	2,179	5.1	3.2
Kentucky	3,661	3,219	3,038	13.7	6.0
Louisiana	4,204	3,643	3,257	15.3	11.9
Maine	1,125	994	969	13.2	2.5
Maryland	4,216	3,922	3,101	7.5	26.5
Massachusetts	5,737	5,689	5,149	0.8	10.5
Michigan	9,258	8,875	7,823	4.2	13.4
Minnesota	4,077	3,805	3,414	7.1	11.5
Mississippi	2,521	2,217	2,178	13.7	1.8
Missouri	4,917	4,677	4,320	5.1	8.3
Montana	787	694	675	13.3	2.9
Nebraska	1,570	1,484	1,411	5.7	5.1
Nevada	799	489	285	63.5	71.3
New Hampshire	921	738	607	24.8	21.5
New Jersey	7,364	7,168	6,067	2.7	18.2
New Mexico	1,300	1,016	951	27.8	6.8
New York	17,557	18,241	16,782	-3.8	8.7
North Carolina	5,874	5,082	4,556	15.5	11.5
North Dakota	653	618	632	5.6	-2.3
Ohio	10,797	10,652	9,706	1.3	9.7
Oklahoma	3,025	2,559	2,328	18.2	9.9
Oregon	2,633	2,091	1,769	25.9	18.2
Pennsylvania	11,867	11,794	11,319	0.6	4.2
Rhode Island	947	950	859	-0.3	10.5
South Carolina	3,119	2,591	2,383	20.4	8.7
South Dakota	690	666	681	3.6	-2.1
Tennessee	4,591	3,924	3,567	16.9	10.0
Texas	14,228	11,197	9,580	27.1	16.9
Utah	1,461	1,059	891	37.9	18.9
Vermont	511	445	390	15.0	14.1
Virginia	5,346	4,648	3,967	14.9	17.2
Washington	4,130	3,409	2,853	21.0	19.5
West Virginia	1,950	1,744	1,860	11.8	-6.2
Wisconsin	4,705	4,418	3,952	6.5	11.8
Wyoming	471	332	330	41.6	0.7
U.S. Total	226,505	203,302	179,323	11.4	13.3

Figure 2

The Decline of New York State's Share of Nonagricultural Employment: 1960-80 (6)

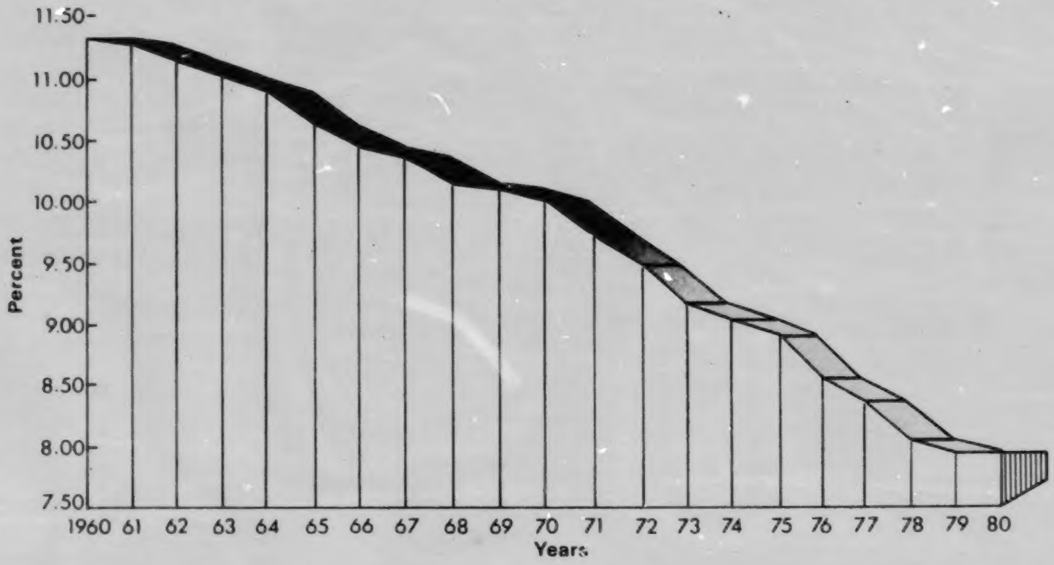
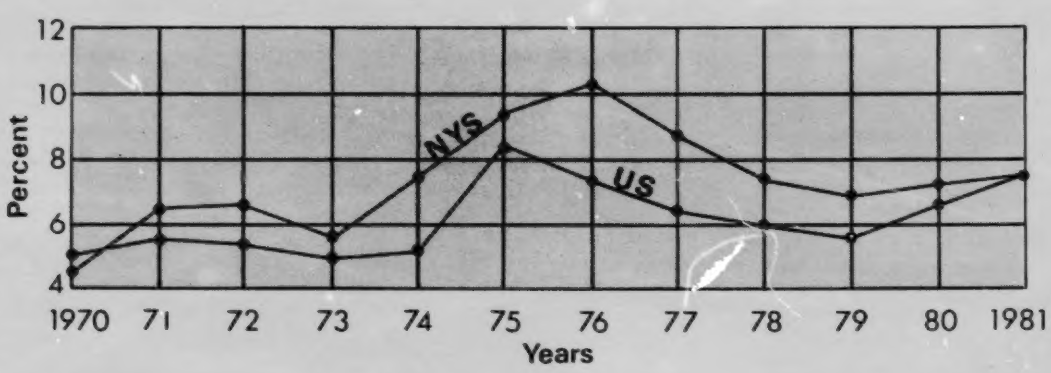


Figure 3

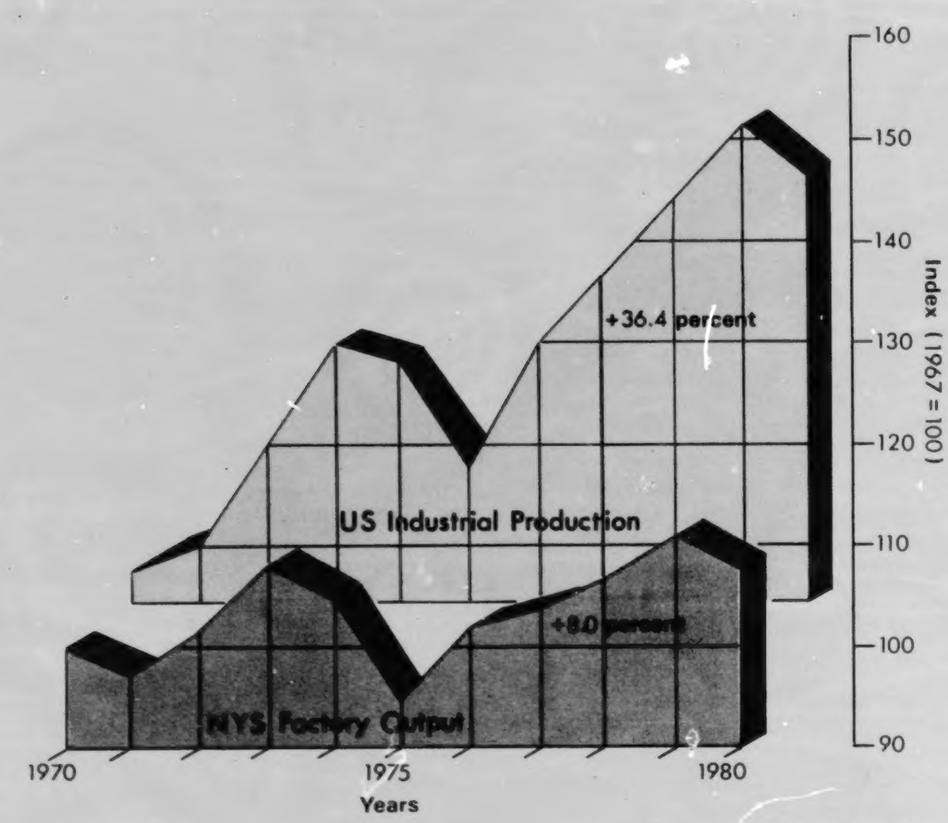
New York State and National Unemployment Rates: 1970-81 (7)



23

Figure 4

U.S. Industrial Production Compared with New York State Factory Output: 1970-80 (8)



Cost of Living

Cost-of-living data has likewise shown a competitive disadvantage for New York State. A comparison of the New York City-Northeastern New Jersey index with the United States City Average, represented in Figure 5, uncovers a higher rate of inflation in metropolitan New York for the late 1960's through the mid-1970's. That higher rate has meant higher living costs, which in turn compel New York employers to pay the higher salaries which tend to lessen their competitiveness. Table 4 illustrates how the inflation rate has affected living costs for lower, intermediate and higher family living standards, or budgets, in major American cities including New York and Buffalo. Only at the lower budget level does Buffalo have any advantage over the national urban average; New York City has no advantage at all. Remembering that company executives at the higher budget levels are generally the ones who make the locational decisions, the impact of the cost-of-living figures can be easily seen.

Figure 5

Cost-of-Living Index for New York City-Northeastern New Jersey and the U.S. City Average: 1967-81 (9)

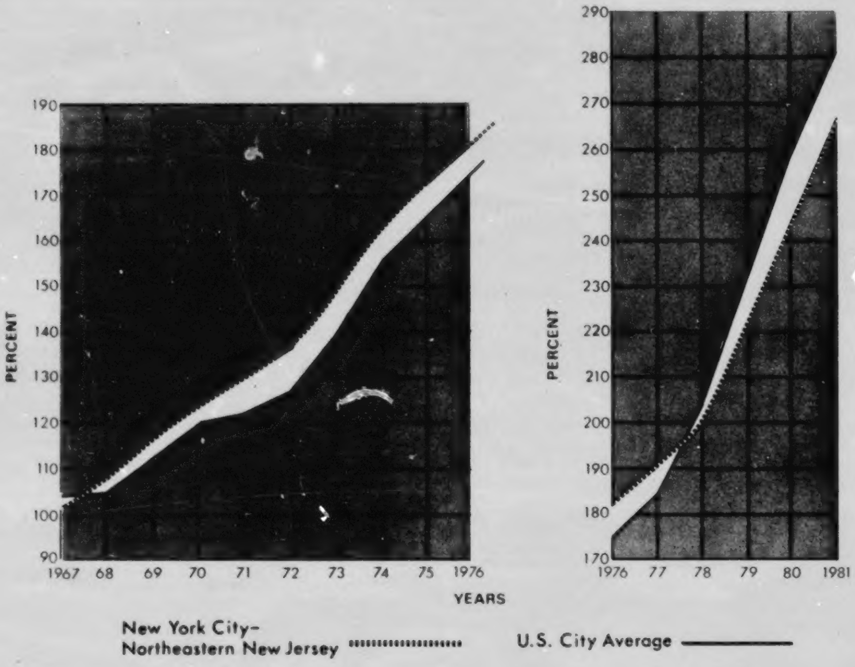


Table 4

Four-Member Family Budgets by Living Standard Level in Selected Metropolitan Areas: Autumn, 1980 (10)

Area	Lower Budget	Intermediate Budget	Higher Budget
Boston, MA	$15,076	$27,029	$41,306
Buffalo, NY	13,596	23,995	35,378
New York, Northeast NJ	14,393	26,749	42,736
Philadelphia, PA	14,366	24,364	35,895
Chicago, IL	14,303	23,387	34,198
Detroit, MI	13,939	23,168	34,268
Atlanta, GA	13,082	21,131	31,229
Houston, TX	13,519	21,572	31,519
Washington, DC-MD-VA	15,392	25,203	37,398
Denver, CO	13,821	22,813	33,607
Los Angeles-Longbeach, CA	15,172	22,500	34,124
Seattle-Everett, WA	15,684	23,392	33,524
Honolulu, HI	18,480	28,488	44,396
Urban U.S.	14,044	23,134	34,409
NYC exceeds U.S. by	2.49%	15.63%	24.20%
Buffalo trails/exceeds U.S. by	-3.19%	3.72%	2.82%

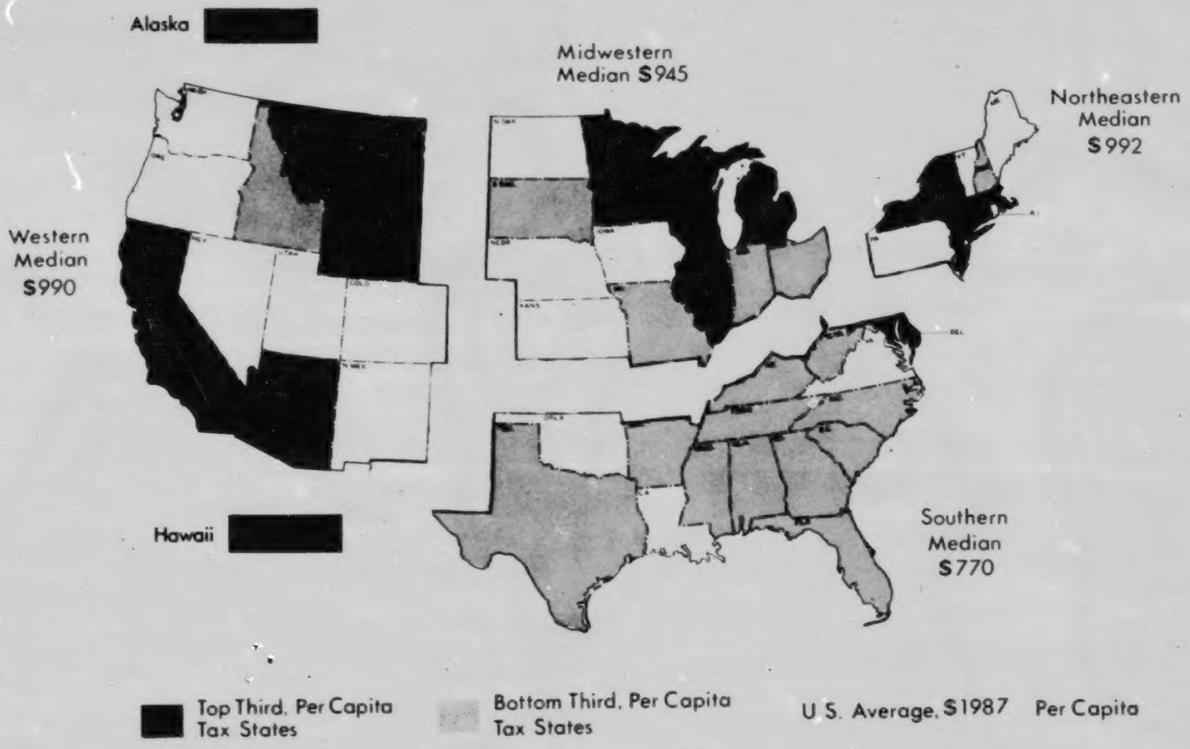
High Taxes and Poor Business Climate

One of the primary causes behind New York's economic difficulties has been the State's high taxes. In the New York State Senate Task Force on Critical Problem's 1981 report, The Economic Eclipse of New York State, it was shown how recent research has linked the Empire State's relative decline to its taxes (11). New York has been, and still is, a high tax state. The Tax Foundation reports that its per capita taxes were the second highest in the nation in 1980 at $1,495 (12). High taxes have followed a roughly regional cleavage, with the Northeast, manufacturing Midwest and the West Coast generally having the highest per capita tax levies and the South having the lowest (see Figure 6).

New York's business image has suffered accordingly from the State's high taxes. The 1979 and 1980 rankings published by the Conference of State Manufacturers' Associations (COSMA), which defined business climate "as the aspect of the business climate directly controllable by the actions of the state

Figure 6

State Per Capita Taxes: Fiscal 1980 (13)


Alaska
Midwestern Median $945
Northeastern Median $992
Western Median $990
Hawaii
Southern Median $770
■ Top Third, Per Capita Tax States
▨ Bottom Third, Per Capita Tax States
U.S. Average, $1987 Per Capita

governments" and for which credible data were available, ranked New York 46th among the 48 continental states (14). With a heavy emphasis upon taxes and spending in its overall rankings, as can be observed in Table 5, the COSMA studies found New York ranked dead last in both years on state and local taxes, amount of state debt per capita and state spending per capita. New York's ranking fell to 47th in the 1981 edition of the COSMA study, but the study's methodology that year changed significantly from the two prior reports. Some caution is needed in interpreting the COSMA results because the data used for the survey factors were subject to considerable time lags in compilation (generally

Table 5

Rankings of Business Climate Factors in New York State (of the 48 continental states) (15)

	NYS RANK	
Factor	1979	1980
OVERALL BUSINESS CLIMATE	46	46
Percent of labor force unionized	46	46
Energy cost per million BTU's	40	40
Average weekly manufacturing wage	20	22
Man-hours lost per worker due to work stoppages (strikes)	21	14
State and local tax per capita	48	48
Viability of state unemployment compensation trust fund	28	37
Percent change in energy cost per million BTU's (1971-76)	5	Not used
Vocational education spending per capita	7	4
Percent change in state and local taxes per capita	33	2
Private pollution abatement expenditures as compared to value of industrial shipments	13	13
Unemployment compensation benefits paid per covered worker	41	45
Private pollution abatement expenditures per capita	14	14
Percent change in per capita state debt (1976-77 over 1971-72)	31	Not used
Workmen's Compensation insurance rate per $100 of payroll on manufacturing occupations	41	26
State spending versus state income growth	39	2
Maximum benefit for temporary/total disability under Workmen's Compensation	16	33
Amount of state debt per capita	48	48
State spending per capita	48	48
Percentage change in state and local taxes per capita (1977-78 over 1976-77)	Not used	2
Percentage change in average weekly manufacturing wage	Not used	33
State disbursements for highways per highway mile	Not used	6

one or two years), so the picture portrayed by the 1979 and 1980 studies really represents conditions in 1977-78. The COSMA results, though, are supported by a 1975-76 study conducted by Professor Felician F. Foltman of the New York State School of Industrial and Labor Relations at Cornell University (16). Of the 58 factors ranked by over 300 business leaders according to their effect upon the State's business climate, nine of the 20 items receiving the highest negative ratings in Foltman's study were concerned with the level of State taxes (17).

Components of the Employment Decline

In terms of employment, New York State was not hurt by the outmigration of firms, nor even by an extraordinarily high death or contraction rate of existing firms, but rather by an abnormally low birth rate for new firms. The Job Generation Process, by David L. Birch of the Massachusetts Institute of Technology's Program on Neighborhood and Regional Decline, discovered that there is a tremendous amount of employment change, even over a two- or three-year period, and that the primary difference between the states with strong employment growth and those that performed poorly has been the result of higher expansion and new firm birth rates among the former states (18). While New York's percentage of jobs affected by firm deaths has not been out of line with other states, its birth rate of new firms has presented a consistently weak picture (19).

Expansion and contraction rates produce much smaller variations, but New York has earned a small positive advantage from the data available (20). Inmigrations and outmigrations have uniformly produced very minor changes on the overall employment pictures of each state (21). However, The Job Generation Process did discover a noticeable amount of national firm migration from New York City and the District of Columbia to their suburban environs (22). Overall, the Birch study indicates that much more can be accomplished by concentrating more upon new firm births and expansions of existing firms than upon luring facilities away from other states; the pool of firms migrating is very limited, and the competition for them is very fierce.

Birch discovered two other points that are relevant to economic development strategies. He found that 60 percent of all new jobs in the United States were generated by firms with 20 or fewer employees and that large firms (Fortune 500) generated less than 15 percent of all new jobs (23). Any strategy seeking to strengthen New York's economy thus ought to recognize the importance of the State's large number of small firms. Birch was emphatic about the importance of such firms in the economy:

> Small firms, despite their difficulties in obtaining capital and their inherently higher death rates are still, on the balance, the major generators of new jobs in our economy and, in slower growing areas, the only significant provider. Any economic development policy aimed at stimulating job growth must come to grips with this reality. It is not the relatively few large companies, about which we hear so much in the press, that are bringing stability to older areas. It is the thousands of anonymous smaller firms that are carrying all the burden in the older sections of our country--and the lion's share in the growing areas as well (24).

High Taxes and Economic Performance

High taxes have had a very strong influence upon New York's and other, similar states' economic performances, but not in the way initially expected. In 1978, Robert J. Genetski and Young D. Chin of Chicago's Harris Bank discovered "an extremely strong relationship between relative tax changes among the states and subsequent economic development." (25) Although some analysts have equated high taxes with low growth, Genetski and Chin found that:

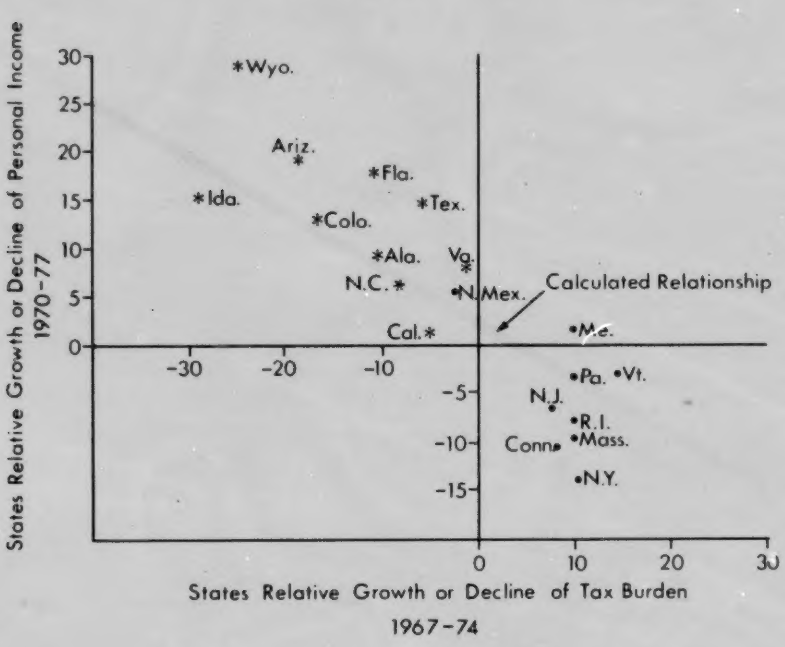
- between 1969 and 1976 the relative economic growth achieved by a state was not directly related to its average state and local tax burden;
- only about 25 percent of the variation in economic growth can be explained by changes in the states' relative tax burdens; and
- approximately 60 percent of the variation in growth rates can be explained by changes in the states' relative tax burdens if a three-year lag in measuring growth is allowed to occur following a tax change.

The graph of their findings on the time-lag relationship, reproduced in Figure 7, indicates that "for every one percent increase in a state's relative tax burden growth over the period analyzed, relative income growth declines by approximately one-half percent." (26) This time-lag measurement technique is a logical one to use because it allows time for the dissemination of information about a state's tax climate. Business decisions are not made or implemented instantaneously. A considerable interval can elapse between the time a decision is made to start, relocate or expand a business, the selection of the site, and the inception of business activity at the site. Several years may easily elapse before a decision is translated into economic growth.

Genetski and Chin's findings suggest that businessmen make decisions based upon tax trends. Growth would not show a positive relationship with

Figure 7

Relative Economic Growth and Changes in State Tax Burden (With 3-year time lag to allow for the full effect of a tax burden change on personal income) (27)



absolute tax levels because Western states, which have high growth rates, have high tax rates. Those high rates were undoubtedly necessitated by the need to provide services for the initial influx of businesses and new residents. However, once the public infrastructure--including roads, water and sewage projects, schools and hospitals--was in place, tax rates would not have to climb as rapidly. Meanwhile, the Northeast has been replacing a deteriorated infrastructure while it has been providing a high level of human services. If New York were to drastically raise its taxes to offset the federal budget cuts, it could expect more economic difficulties within several years.

EFFORTS TO IMPROVE NEW YORK'S BUSINESS CLIMATE

Action taken to improve the State's economy requires legislation that is broad-based in its impact. Birch's research shows that smaller, independent firms are the ones most responsible for job creation. Job creation incentives may have value in retaining or attracting larger firms, which can have a significant impact within a specific community, but the State is not equipped to administer a series of programs that reach every employer or potential employer in New York. Simultaneously, many businesses are too small or lack the expertise to take advantage of the State's incentive programs. That leaves tax cuts as the State's primary tool in reaching the broadest base of employers.

Following the recognition of New York's economic problems in the middle of the decade, the State Senate successfully led tax reduction efforts aimed at stimulating the State's economy. The Senate initiated serious, major tax reduction efforts in 1976 with its passage of S. 9286 (the Anderson-Duryea Tax Relief Bill) which would have increased the investment tax credit, eliminated the sales tax on manufacturing expenditures and authorized a three percent tax credit for all income tax payers. That 1976 effort was held up because the Assembly did not act on the reductions, but 1977 through 1979 witnessed the enactment of a series of personal and business tax reductions worth over $2 billion annually by 1981, when most of the measures were fully effective.

Additional strides valued at $330 million in tax savings when fully effective were taken in 1981, including an increase in the personal exemption to $800, an increase in the standard deduction by $100 per category and an increase and expansion of the investment tax credit. Although some fees were increased by the State in 1982, the burden of the March prepayment of sales taxes by vendors was eased by restricting it to just the State's share of the tax. With these tax reductions enacted beginning in 1977, New York can now boast of a balanced mix of incentives and tax cuts that have apparently begun to restore the State's economic competitiveness.

EMERGING FROM THE ECONOMIC ECLIPSE

New York's tax cuts have begun to have a positive impact upon the State's economy. Referring, for example, back to Figure 2, New York is no longer losing ground in its share of national nonagricultural employment; the data for 1980 show that the State held even in that measure of economic health. New York has simultaneously shown significant relative improvement in its unemployment rate. Although the Empire State's annual rate for 1981 nosed ahead of its 1980 figure, the national rate rose to equal New York's. Monthly unemployment data for 1981 and 1982, displayed in Figure 8, show how New York State has reversed the gap between its unemployment rate and the national average. That reversal of the gap between the State's and the national rates--which was over two percentage points to the State's detriment in 1976--indicates that New York's economy is becoming stronger relative to other states since it is now weathering economic

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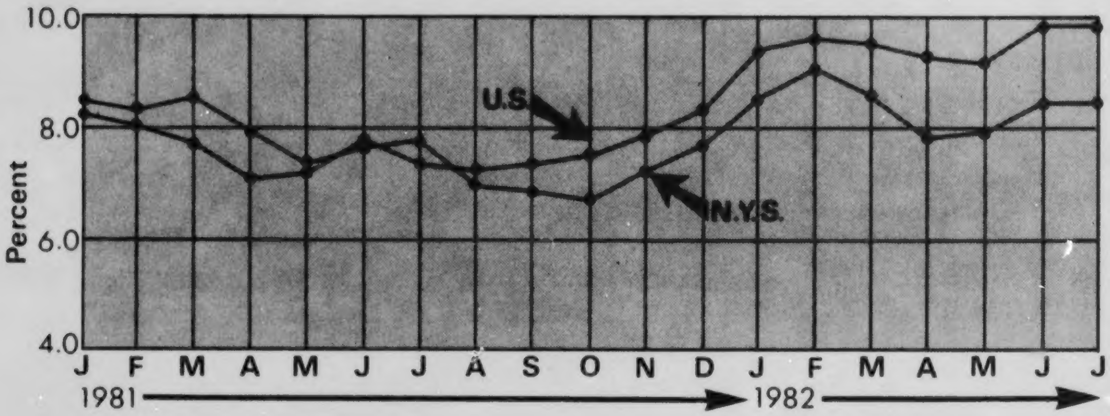
Figure 8

New York State and National Unemployment Rates: January, 1981-July, 1982 (28)

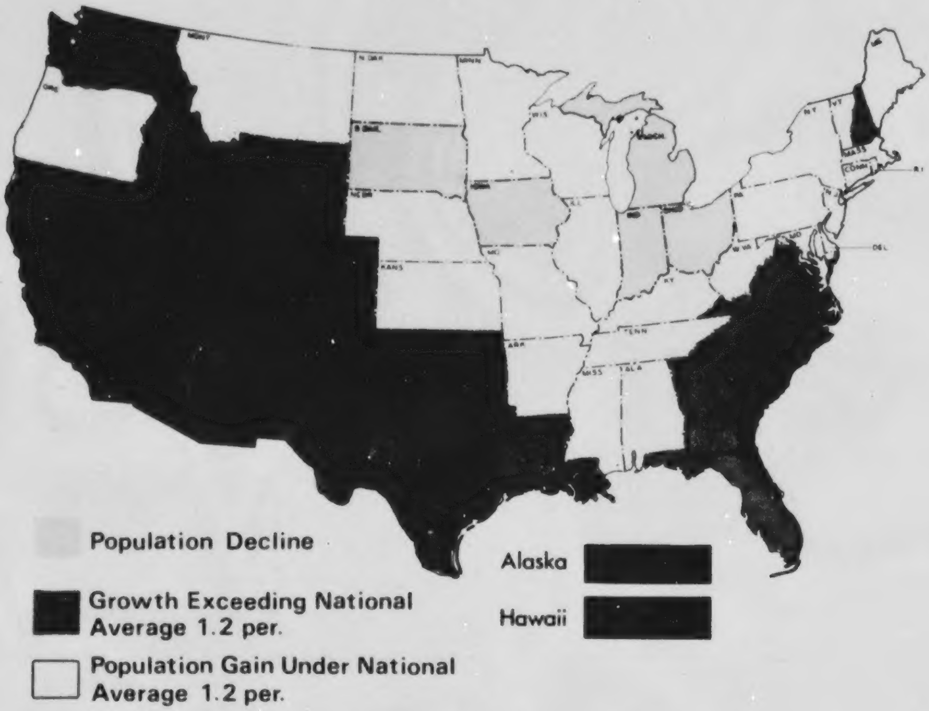


downturns as well as the nation as a whole, rather than suffering them more severely. Figure 4 shows changes in New York's factory output paralleling changes in national industrial production while metropolitan New York City continues to fare better in its cost-of-living increases, a trend which began in the late 1970's as Figure 5 demonstrates. Even though absolute living costs are higher in the metropolitan New York City area than the urban United States as a whole, the budget level figures displayed in Table 4 saw smaller percentage increases over the comparable 1979 data for New York than for many other cities. The Empire State has even begun to show renewed population growth since the 1980 Census. Figure 9 shows New York with a modest growth rate while some formerly growing states (mostly in the Midwest) are now experiencing decline. New York ranks 42nd for the 15-month period with a 0.3 percent increase, but only the District of Columbia posted a poorer performance in the 1980 Census.

Raising taxes to offset federal spending cuts could be disastrous for New York State's growing competitiveness. Other states, according to a January, 1982 New York Times survey, are generally not planning to increase their levies (29). That survey reports that of the 39 states, including New York, whose legislatures were convening in January, 1982, "No state is planning to increase

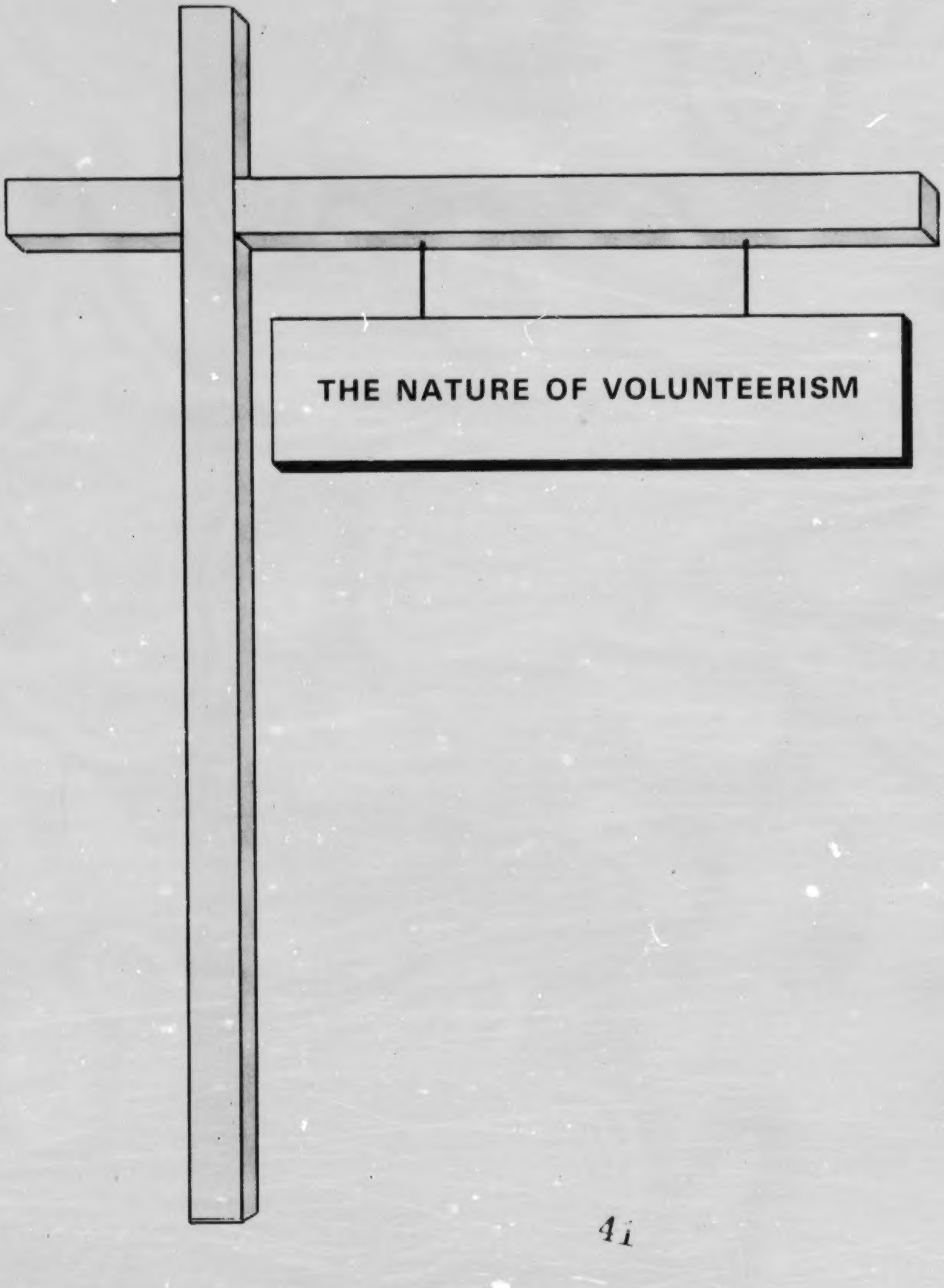
Figure 9

State Population Changes: April 1, 1980-July 1, 1981 (30)


Population Decline
Growth Exceeding National Average 1.2 per.
Population Gain Under National Average 1.2 per.
Alaska
Hawaii

spending to make up for all the Federal cuts, and most states are making few moves to offset the effects on the poor." (31) Even oil-rich states such as Oklahoma and Louisiana were not planning to pick up the slack in the federal programs affected by the Reagan Administration's budget trimming. If New York were to make up the federal cuts through increased spending while retaining the level of funding for the State's own programs, it would have to drastically increase State taxes, undoubtedly to the extent of wiping out all of its own tax-cutting gains achieved since 1977.

Yet there are those in sincere need who will be adversely impacted by the federal cuts. Attempting to help those who have been affected by the federal spending reductions is in keeping with the Empire State's tradition of humanitarian concern for its residents. At this juncture, New York has at least one potentially successful approach available in order to retain the community services affected by the federal budget cuts without destroying its recent economic progress and placing more New Yorkers in dependence upon already strained public assistance. That strategy is based upon strengthening the voluntary sector so that it carries a larger share of the responsibility for the delivery of State and local services. Strengthening the voluntary sector, at minimal cost to the State, will permit New York to retain its own programs while providing a "safety net" for individuals and communities adversely affected by the federal cuts. This report will investigate ways to accomplish this purpose, remaining mindful that New York cannot afford to return to the cycle of deeper recessions and weaker recoveries that plagued its economy over the past decade. The following chapter starts that investigation with an examination of the nature of volunteerism in order to determine the magnitude of the voluntary sector and to pinpoint elements of the general population among which volunteerism could be increased.



THE NATURE OF VOLUNTEERISM

THE NATURE OF VOLUNTEERISM

DEFINING VOLUNTEERISM

The term "volunteerism" encompasses a very broad scope. In its broadest sense, volunteerism includes any activity for which compensation is not received. It can include lay work in one's church, refereeing amateur sports, shopping for a housebound neighbor, managing a multimillion-dollar community program or serving on a neighborhood council. The performance of a service without pay is the unifying concept to volunteerism in its general sense. One need not even "volunteer" to provide the service; individuals who are recruited to perform a service without compensation are also considered volunteers.

When discussing ways of retaining or expanding State and local services threatened by federal budget cuts, however, a more restricted definition of volunteerism is required. Volunteer work in its broadest sense does not have to be organized or provided on a regular basis to benefit a community, but if existing services are to be retained or new ones initiated, regularity becomes important. Meal programs, for example, cannot be provided on a haphazard basis for those who rely upon them for crucial sustenance. To fill a more significant role in the delivery of State and local services, volunteerism must accept some form of regularization to ensure the continuity of these services. Certain concepts thus need to be included in the definition of voluntary service for the purposes of this report.

- The activity must provide a service of benefit to persons other than the individual performing it and his or her immediate family.
- The activity must not provide compensation other than for expenses incurred.
- The activity must be performed for an organized entity that maintains records of volunteers' services.
- The activity must be performed on a regular basis to assure the uninterrupted flow of services.

The third and fourth concepts are vital to the definition. Volunteers cannot always provide their services on a regular, day-to-day basis. Some mechanism is needed to balance out the availability of volunteers, scheduling their efforts so that gaps do not occur in the provision of vital services that may in the future depend upon volunteers for their continuation. At the same time such organization would benefit the volunteers involved by ensuring that accurate records are kept of their efforts, thereby qualifying those volunteers for special benefits. Although this report does not advocate tightly organizing all voluntary activities, it does recognize that those activities attempting to make significant contributions to the provision of State and local services must accept a sufficient enough degree of organization and administration to guarantee reliability.

EVOLVING NATURE OF VOLUNTEERISM

The nature of volunteerism has evolved over the course of United States history. Some of its themes, such as lay involvement in American religious institutions, have had long traditions while others, such as membership in service clubs, have arisen more recently. Early in American history, volunteerism was not an organized activity except for the militia. It consisted primarily of helping one's neighbors with activities like barn-raising and mail delivery, for which one could expect similar assistance when needed. Volunteerism was much more a means of coping with work that required many hands in a primarily rural setting than a social or political force (1).

Soon after America gained its independence, the nature of volunteerism underwent an evolution that gradually led to its modern form. That evolution began with the expanding electorate's involvement in political issues. Abolition, agrarianism, temperance and women's suffrage are among the issues that brought volunteers and activists into the political arena and changed American society. Following the Civil War, economic issues brought a new wave of voluntary activity with the rise of the union movement. As American society became more urbanized and industrialized, volunteerism expanded into a social activism that attempted to improve living conditions and build a more idealistic society. Volunteerism went through another evolution after World War I with the growth of business and civic organizations, among them the Chamber of Commerce. Volunteerism research has indicated that 75 percent of all national associations were founded after 1900, with nearly all sociability-based groups being established by 1920 (2).

Recent highlights in the history of volunteerism provide an appreciation of the complex nature of the modern voluntary sector. As the United States assumed a mantle of world leadership in the post-World War II era, its citizenry immersed itself in a wave of volunteer activities that included:

- social activism on behalf of civil rights and economic improvement;
- political activism in support of causes like the anti-war movement of the 1960's and 1970's;
- civic involvement through Kiwanis, Rotary, the League of Women Voters and numerous other groups; and
- support for health-oriented organizations like the Red Cross and the Muscular Dystrophy Association.

Even social and fraternal organizations took on a more service-minded view, sponsoring children's hospitals, homes for the aged and youth sports activities. President John F. Kennedy ushered in a new age during his brief administration with the institutionalization of volunteerism through government agencies. The Peace Corps, begun in 1961, led to government promoted and supported volunteerism that sought to meet the federal social agenda. VISTA (Volunteers in Service to America) in 1966 and ACTION in 1971 were among the new federal agencies oriented toward the voluntary sector that followed in the Peace Corps' basic mold. This institutionalization of volunteerism recognized the tremendous potential for public and community service inherent in the voluntary sector and, most importantly, it points the way toward a new step in the evolution of volunteerism. Although this is a greatly simplified and condensed review, the evolutionary process that modified volunteerism grafted on new outlets for volunteer activity rather than displacing a former outlet with a new one.

EXTENT OF VOLUNTEERISM

Volunteering and Its Value

Volunteerism has become "big business" in the United States today, with thousands of options for individual involvement through organized programs as well as informal, unstructured activities. Although many Americans admit to "helping out" on occasion with different religious or civic activities, the tremendous impact of volunteers in the aggregate is often overlooked. Basing its calculations upon survey data that it commissioned from the Gallup Organization, Independent Sector, an organization formed by the National Council on Philanthropy and the Coalition of National Voluntary Organizations to preserve and encourage giving, volunteering and the general not-for-profit initiative, estimated that 84 million Americans volunteered $64.5 billion worth of their time in a one-year span running from March, 1980 through March, 1981 (3). Other, earlier studies have found consistently high levels of voluntary involvement, lending support to the Gallup-Independent Sector findings and the conclusion that volunteerism is not a transient phenomenon in American society. The National Center for Voluntary Action, for example, estimated that 50 to 60 million people were members of volunteer groups in 1974 (4), while an April, 1974 Census Bureau survey indicated that 37 million Americans were volunteering nationwide (5). The American Association of Fund-Raising Counsel meanwhile found that nearly 70 million Americans gave some of their time to help more than 500,000 tax-exempt groups in the early 1970's (6) and a 1967 investigation yielded the figure of 76.5 million adult volunteers (7). Another mid-1960's study estimated the value of volunteer services at $15.6 billion, on the basis that the average household gave 87 hours of its time to volunteer work in 1964 (8). Although that 1964 figure is considerably lower than Independent Sector's $64.5 billion, close to half of the difference can be accounted for by inflation and gains in real income over the 17 years between the two studies' data bases. Differences in methodologies, such as the manner in which "volunteering" is defined and the varying dollar per hour valuations placed upon volunteer services, have also contributed to the variance in the results obtained by the volunteerism studies cited. However, it is reasonable to conclude that Americans volunteer in overwhelming numbers and that the voluntary sector deserves serious attention. Prorating the Independent Sector's calculation of the value of volunteer services on the basis of New York's share of the total 1980 national population, the Empire State gained an astounding $5.0 billion worth of volunteer services from its citizenry during that 12-month span. Thus, even a modest percentage increase in those services, effectively channeled and directed, could be a valuable boon to the State and its communities. Table 6 reproduces, in summary, the calculations made by Independent Sector to determine the value of volunteer services. Although the figures, such as the use of median income per hour for various educational

Table 6

Independent Sector's Calculation of the Value of Volunteer Services (9)

Survey Subgroup	Percent of Volunteers	Number of Volunteers	Volunteer Hours/ Year*	Median Income/ Hour	Value of Services (thousands)
Teenagers (14-17, both sexes)	100	7,682,000	86 (est.)	$3.35	$ 2,223,478
Men over 17					
Grade School Education	8	2,872,000	38	6.30	687,556
High School Education	44	15,796,000	48	8.98	6,809,138
Post High School Education	48	17,233,000	121	11.28	23,520,977
Subtotal	100	35,902,000			31,017,671
Women over 17					
Grade School Education	8	3,239,000	30	3.95	383,821
High School Education	44	17,813,000	90	5.41	8,673,150
Post High School Education	48	19,433,000	160	7.13	22,169,166
Subtotal	100	40,485,000			31,226,137
Total, All Volunteers	100	84,069,000			64,467,286

*Gallup Survey did not differentiate hours per year by sex, only by education.

backgrounds, represent approximations, the final figure is probably fairly close to a fair market value for the services rendered.

The Gallup Organization survey, upon which Independent Sector based its calculations of the dollar value for volunteer time, also uncovered some noteworthy characteristics about volunteers that can be of value to public policymakers and volunteer coordinators alike. Gallup's survey defined volunteer activity "in the broadest sense to include both the traditional kinds of volunteer activities, such as working as a 'volunteer' for an organization, as well as the informal and often individual kinds of volunteer activity, such as helping an elderly neighbor." (10) Accepting that broad definition of volunteering, 52 percent of adult Americans and 53 percent of teenagers volunteered during the 1980-81 survey year according to the Gallup study (11). Independent Sector's calculation of the value of volunteerism, however, took account of only the 47 percent of the population age 14 and over that volunteered in a formal, more traditional setting (12).

Gallup examined the sample's respondents in terms of both their volunteer involvement over the previous year and, for more detailed questions, over the prior three months. As Table 7 indicates, those who volunteered tended to do so on a one or two hour per week basis. The percentage of all citizens volunteering declined as the level of involvement, measured in hours per week, increased (the nine percent volunteering eight or more hours per week appears, at a glance, to be a radical jump, but it actually combines a broad range of time commitments).

Interestingly, the study found that volunteers were much more likely to make monetary charitable contributions than nonvolunteers, with 91 percent of

Table 7

Average Number of Hours Per Week Spent in Volunteer Activity During the Past Three Months (13)

Average Hours Per Week*	Percent of All Citizens**	
0	56***	69
1	13	
2	8	13
3	5	
4	4	18
5	2	
6	2	
7	1	
8 or More	9	
Total	100	

*This is based on a 13-week quarter. One hour per week includes 1-13 hours per quarter; two hours per week include 14-26 hours per quarter; and so forth.

**This table excludes all who were not able to estimate the number of hours volunteered.

***This includes 48 percent who did not volunteer work in the past year, plus 8 percent who did volunteer work in the past year but who did no volunteer work in the past three months.

volunteers giving versus 66 percent of nonvolunteers (14). The Gallup Organization surmised that some linkage was probable between volunteering and giving, but it was cautious in framing conclusions from its data:

> Although there is a relationship between doing volunteer work and making charitable contributions, we cannot conclude that volunteer work makes people more likely to contribute money. It could be that the kind of person who becomes active in volunteer work is already making charitable contributions. Most likely, the direction of the relationship works both ways to some degree (15).

If both volunteering and making contributions are considered together under the broad heading of volunteerism, 84 percent of all Americans are volunteers in some fashion (16). That means that volunteerism is a widespread, accepted form of social behavior. The challenge to New York State will not be in convincing people to volunteer or financially support voluntary sector agencies, but rather in getting them to do more and enabling them to achieve their greatest possible effectiveness. By extrapolation of these national findings, it is evident that any initial reluctance to volunteer has already been overcome by most New Yorkers.

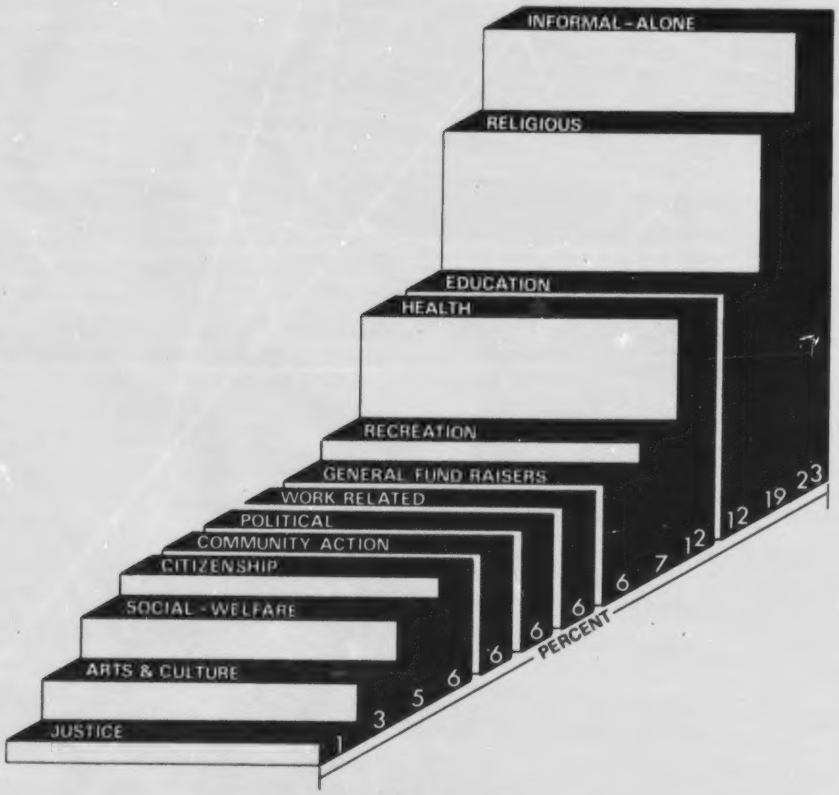
For What Types of Activities do Americans Volunteer?

It is useful to know for what types of activities Americans are volunteering their time because policymakers must be able to judge whether or not volunteers can be induced to spend increased hours in the delivery of State and local services. If volunteers are already active in government or in work that is similar to areas of government services, it would be worthwhile to attempt to induce greater volunteer efforts in such areas. Even if only limited direct benefit could be obtained for government through the involvement of volunteers in the services threatened by the federal budget cuts, concern ought to be shown for those human services already provided by the voluntary sector because their loss would also reduce the "quality of life" in New York State and result in public pressure for government takeover of those services. Voluntary sector agencies will experience financial dilemmas, similar to New York State's, due to the federal cutbacks. One estimate puts losses for approximately 300,000 nonprofit organizations at $27 billion over the next four years as a direct result of those budget reductions (17). Foundations and United Way agencies "have found in the last few years that their money went further when invested in programs and organizations receiving federal funds as well." (18) Federal budget cuts thus affect more than just State and local government services. The voluntary sector will face difficulties financing some of its present services as a result of the cuts and will clearly need help sustaining its present service efforts.

Adult Americans who volunteer seem to favor informal activities or activities that they can pursue alone, as Figure 10 illustrates. That preference is followed by religious activities and then by health and educational interests. Except for justice-related volunteer work, the other broad categories in the Gallup survey drew fairly even responses. The Gallup study also showed that, with the exception of general fundraising, the average number of hours spent volunteering in the three months prior to the survey fell into the fairly narrow range of 18 to 31 hours; general fundraising trailed with twelve hours (19). This data indicates that State and local services could benefit from a coordinated effort to increase volunteer hours in fields such as health, education, justice, recreation and welfare. All of these areas have both significant existing volunteerism and governmental responsibility for the delivery of services.

Figure 10

Distribution of Volunteer Involvement by Type of Activity (20)



The effort to involve more volunteers in the government-related services, however, should seek to utilize increased volunteer support rather than compete with existing outlets for volunteer activity and should consider the advantages of working with existing voluntary sector programs and agencies whenever mutual benefits could result from such cooperation. Competition with voluntary sector agencies would only weaken them and possibly compel State and local agencies to ultimately absorb those voluntary sector services with no real net gain being made in the State's volunteer resources. Recognizing that volunteers have time limitations on their availability will meanwhile require additional creativity in designing unified promotional and utilization plans that will take advantage of the small blocks of time available from each volunteer while stimulating the desired increase in volunteerism.

Volunteers became involved in their activities through a number of routes, as Table 8 indicates. Gallup's survey found that being asked by someone stimulated the greatest number of people to volunteer, followed by participation in a group or organization, having a friend or relative in or benefitting from the activity and seeking it out on one's own. The media's influence was limited, but that could be due in part to the low exposure most volunteer activities receive. As it stands, personal contact in one form or another is by far the most effective recruiting vehicle.

Table 8

How Adult Volunteers Learned About The Activity in Which They Are Volunteering (21)

How Learned About Volunteer Activity	Percent of Volunteers
Asked by someone	44
Had a family member or a friend in the activity or benefitting from the activity	29
Through participation in an organization or group (including a religious group)	31
Saw an ad--radio, TV or printed source	6
Sought out activity on my own	25
Other	3
Don't Recall	4
Total	142*

*Totals to more than 100 percent due to multiple responses.

It is also worth knowing why volunteers initially became involved in their activities; understanding that will help future volunteer recruiters and promoters of volunteerism to be more successful in their efforts. Table 9 reports the Gallup findings on why people became involved in volunteer activities. Wanting to do something useful or good was the primary motivating factor. Several of the other general response categories showed similar concerns or interests. However, one tenth of the adult volunteers and one fifth of the teenage volunteers surveyed by Gallup sought experience or saw volunteering as a way to enhance their employment prospects. Although the numbers are smaller than for the humanitarian-oriented responses, they are very significant because volunteering is just beginning to be recognized as an avenue for obtaining work experience in a highly competitive job market that is adversely affected by high unemployment and the entry of young adults of the "baby boom" era. Thus, any program that seeks to build increased volunteerism must utilize a variety of approaches which recognize the different and distinct motivations behind volun-

Table 9

Reasons Adult Volunteers First Became Involved in Their Activities (22)

Reasons	Percent of Volunteers
Thought I would enjoy doing the work; feel needed	29
Wanted to do something useful; help others; do good deeds for others	45
Wanted to learn and get experience; work experience; help get a job	11
Had a child, relative or friend who was involved in the activity or would benefit from it	23
Religious concerns	21
Had a lot of free time	6
Had an interest in the activity or work	35
Thought my volunteer work would help keep taxes or other costs down	5
Other	1
Don't Recall	5
Total	181*

*Totals to more than 100 percent due to multiple responses.

teering in order to attain success.

The Gallup survey further discovered that the level of an individual's commitment to volunteerism was very flexible over time (see Figure 11). Among adult volunteer respondents, there was an almost equal division of those volunteering more, fewer and about the same number of hours at the time of the study as they had three years previously. Teenage volunteers predominantly gave more hours than they had three years previously, but that appears to be a function of the maturing process that sees young people assuming progressively more adult roles. Those who dropped out of volunteer work meanwhile gave a wide range of reasons. Too busy to continue was the excuse most often used (33 percent), followed by personal reasons (18 percent), moved (12 percent), task completed or organization no longer exists (11 percent) or went to a paying job or to school (10 percent) (23).

Gallup's survey for Independent Sector went on to compare volunteers and nonvolunteers by their socioeconomic characteristics. As Figure 12 illustrates, certain individuals are more likely than others to volunteer. The Gallup

Figure 11

Difference in Hours Volunteered Compared with Three Years Ago (24)

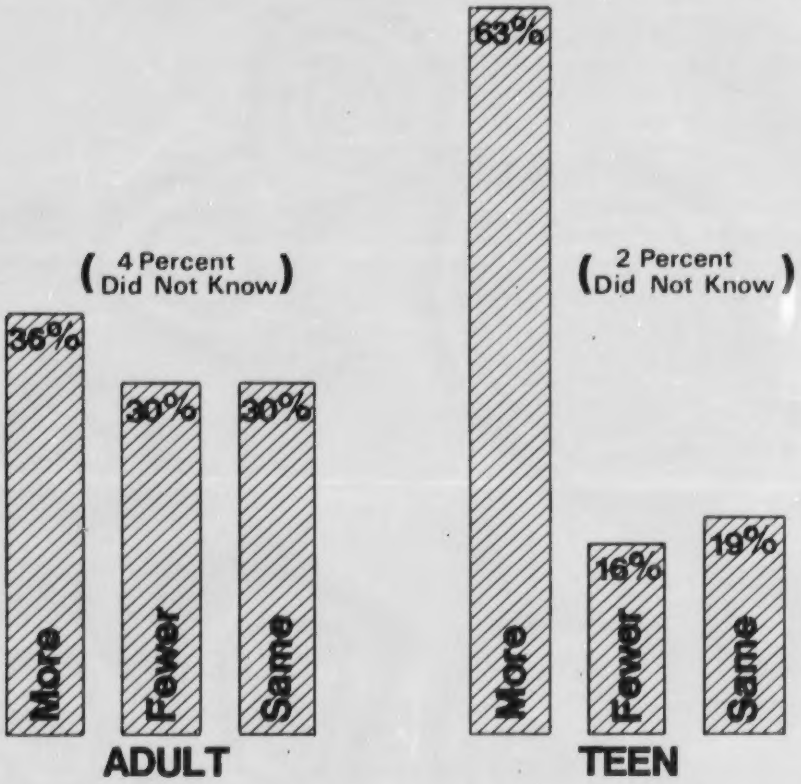
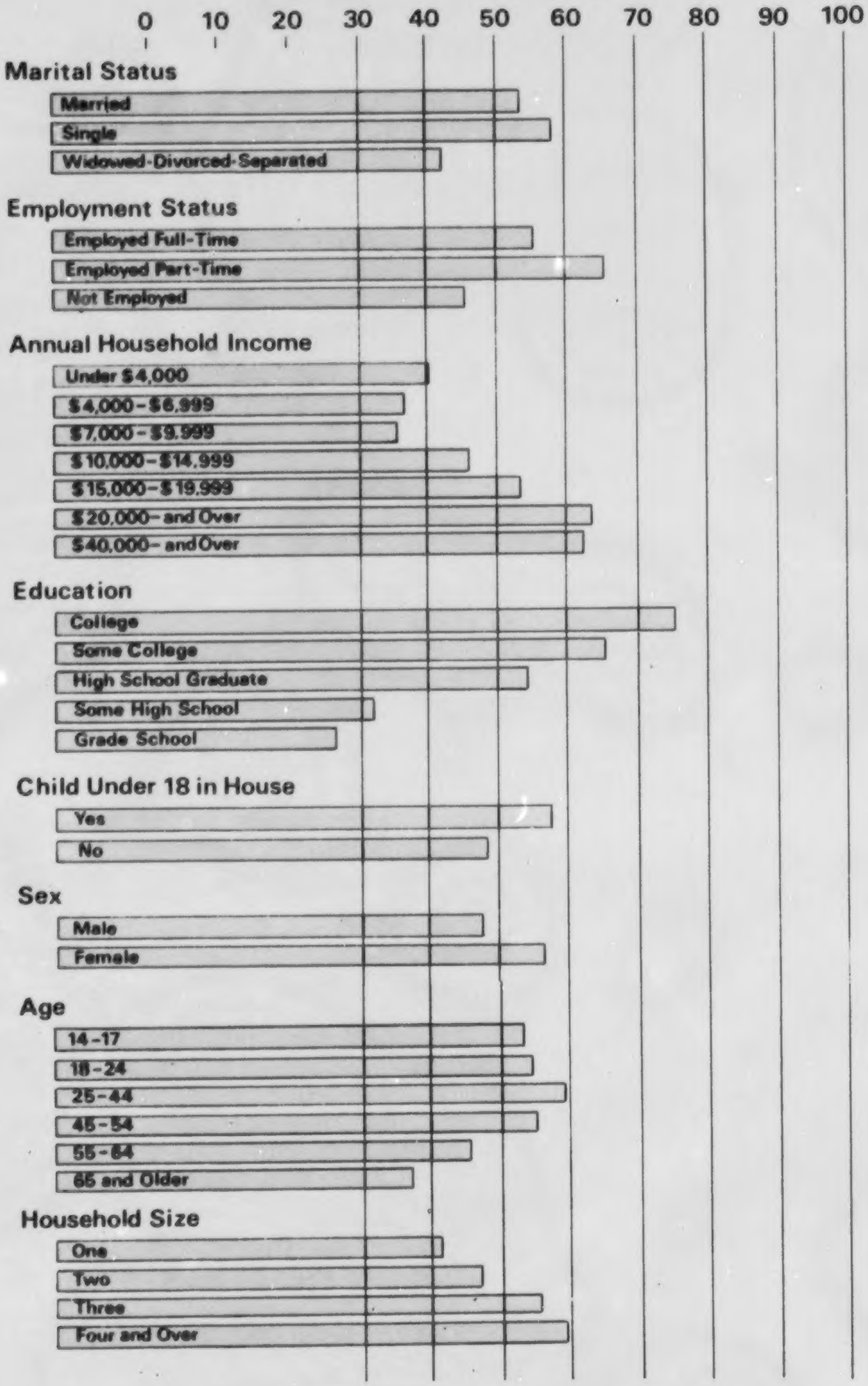


Figure 12

Socioeconomic Characteristics of Volunteers (25)



data suggests that volunteering tends to be more popular among:

- single people rather than married or formerly married;
- people employed part-time as opposed to those employed full-time or not employed;
- individuals with higher household incomes;
- individuals with higher educational backgrounds;
- individuals with children under age 18 in their house;
- women than men;
- persons under 55 years old than those 55 and older; and
- larger households rather than smaller.

Awareness of the variations in volunteer commitments among socioeconomic groupings will give policymakers and volunteer administrators insight into who is most likely to be recruited as a volunteer and what type of individual needs greater encouragement to volunteer. Underlying these variations is the broad appeal volunteer work has for all segments of the population. While senior citizens, for example, might be the focus of a special appeal for volunteers, no segment of the population can be overlooked by a policy that seeks to generate significant increases in volunteerism in New York State.

The Voluntary Sector as "Big Business"

In addition to being "big business" in the sense that volunteers contribute an estimated $64.5 billion worth of their time annually across the country, the voluntary, or nonprofit, sector is literally big business. Tremendous numbers of real dollars support nonprofit agencies, paying the salaries of administrators and support personnel, purchasing services and maintaining capital investment in buildings and equipment. A 1981 Yale University study placed the 1980 value of the professional, or "business," side of the voluntary sector at $129.2 billion exclusive of the value of the donated time of volunteers (26). That estimate included:

- an annual payroll of $75.4 billion;
- purchase of $42.6 billion worth of goods and services; and
- capital use costs of $11.2 billion (27).

The nonprofit sector financed itself through:

- $61.5 billion in sales:
    - . $31.5 billion was to households;
    - . $26.3 billion was to government;
    - . $3.7 billion was to businesses;
- $44.3 billion in donations;
- $7.6 billion in government grants; and
- the remainder from investments and income from real estate holdings (28).

From this standpoint, New York State should also be concerned about the voluntary sector as a major component of its economy. On a prorated basis calculated on the same population basis as the estimate for the value of volunteer hours in the Empire State, the voluntary sector is worth at least $10.0 billion in real dollars to New York and $15.0 billion in real dollars and donated services combined.

Data from the Bureau of Charities Registration of the New York State Department of State bears out this estimate. It reports that the charities registered with it for solicitation purposes recorded $4.3 billion worth of contributions in 1980, with charities based in New York State receiving $2.9 billion of that total. As Table 10 illustrates, charities registered in the Empire State received $9.8 billion in total income that year, which matches very well with the prorated estimate for the real dollar outlay of the voluntary sector in New York State. The totals would not actually match, though, because veterans groups and some organizations such as the Red Cross and the Salvation Army are not required to register with the Department of State. The income line "indirect contributions" in Table 10 includes money raised by other organizations, such as the United Way, for use by charities. In New York State, United Way raises approximately $110 million annually, or about one third of the indirect contributions total (29).

As with volunteer hours, strong evidence exists that many contributions go into areas that parallel work being done by government agencies in New York State. Table 11 breaks down the total contributions made to charitable agencies registered in New York State by broad service classifications. Services, such as health and rehabilitation, social welfare, cultural and educational, and hospi-

Table 10

1980 Income Totals for Registered New York State Charities (30)

Type of Income	Amount
Direct Contributions	$1,484,630,011
Indirect Contributions	326,211,933
Government Grants	1,064,486,347
Subtotal Contributions	2,875,328,291
Program Related Income	6,139,427,324
Other Revenue	810,815,916
Total Revenue	$9,825,571,531

Table 11

1980 New York State Charitable Contributions by Service Areas (31)

Service Area	Amount
Health and Rehabilitation	$ 805,124,968
Social Welfare	688,155,739
Civic	224,075,905
Cultural and Educational	746,498,604
Animal Welfare/Environmental Preservation	139,374,707
Social, Fraternal and Professional	60,400,736
Fundraising and Support Organizations	799,816,130
Hospitals and Related Facilities	362,045,207
Public Policy Education	182,075,106
Foreign Relations/Assistance	246,302,664
Other	5,095,977
Total	$4,258,965,743

tals and related facilities, see major contribution levels that demonstrate that the voluntary sector is already heavily committed to work that, at a minimum, parallels governmental efforts to deliver services to the citizenry of New York State. Some charitable organizations actually work quite closely with government agencies, helping to jointly deliver services, but there is no comprehensive statistical data available to determine the scale of that involvement. Strengthening the overall motivation for New Yorkers to make charitable contributions would help voluntary sector agencies sustain existing services and perhaps assist State and local governments with their services endangered by the federal budget cuts. Yet because New Yorkers are already supporting charitable efforts that parallel with or assist government services, there is no initial barrier to public support of that type that must be overcome.

The Yale study of nonprofit agencies also noted that the nonprofit sector had assets of $201 billion and that its full-time work force of 6.3 million was growing by 5.5 percent annually in comparison to a 3.4 percent employment growth rate for the economy as a whole (32). These statistics further substantiate the already important role that the voluntary sector has been shown to fill in the American economy and its potential for expansion. However, the problem of definition again arises in attempting to make concise comparisons between the voluntary or nonprofit sector and other aspects of the economy. Each definition of the voluntary sector is a little different and various methodologies are used to calculate the dollar values and impact of volunteerism. No absolute figures exist that delineate the voluntary sector, in the same sense that there is no exact figure for the Gross National Product. Yet the general agreement in scale between the various studies that have been cited clearly indicates that the voluntary sector has great importance in the delivery of services and in the national and Empire State economies.

CAN VOLUNTEERISM FILL THE VOID?

As one means of offsetting his budget cuts, President Reagan proposed that a new "spirit of volunteerism" help to meet the needs formerly addressed by the deleted federal funds. The Reagan Administration recognized, though, that the desired increase in volunteerism would need encouragement to achieve its full potential. For that purpose it created the President's Task Force on Private Sector Initiatives, which met for the first time in December, 1981. The Task Force is attempting to identify private and public-private partnership success stories that could be duplicated in communities across the country. In addition, it will seek to eliminate government-imposed obstacles to private initiatives and encourage greater and more effective use of individual, foundation and corporate philanthropy and volunteering (33). The President's Task Force is currently visiting communities to review their success stories and is developing a computerized catalog of private sector initiatives by type of activity. The Task Force is expected to complete its work and make its recommendations on profit, not-for-profit and private sector initiatives by its December 31, 1982 termination date.

Along with his budget cuts, the President also obtained adoption of a package of tax reductions designed to stimulate the national economy. One of those tax cuts seeks to stimulate corporate philanthrophy by raising the tax exemption on corporate charitable contributions to ten percent from five percent of pretax earnings. At the same time, private giving will receive encouragement, and perhaps some hindrance, from the Economic Recovery Tax Act of 1981. The Act phases in, through 1986, an opportunity for individual income tax payers to deduct their charitable contributions from their unadjusted income even if they do not otherwise itemize on their tax returns. The Act, however, may simultaneously hinder charitable fundraising by increasing the "cost" of giving through its 25 percent reduction in marginal tax rates over three years, its reduction in the maximum tax rate on unearned income from 70 to 50 percent and its reduction of the capital gains tax rate from 28 to 20 percent (34). By lowering the maximum tax rate on unearned income, for example, Congress and the President in effect raise the cost of giving because, at the new maximum rate, only 50 percent of a contribution, rather than 70 percent, will be deductible from an individual's tax bill. The Urban Institute has projected a drop of "at least $18 billion in donations for 1981 to 1984," as a result of the Tax Act (35). Many of the same nonprofit groups affected by the federal budget cuts will experience an adverse impact from the tax cuts. That prompted Brian O'Connell, president of Independent Sector, to declare:

> The outcome is a triple whammy against nonprofit organizations.... The irony in these developments is that the Administration wants to strengthen the nonprofit sector, but the tax act inadvertently undercuts the very organizations that the President is counting on (36).

This development may constitute another sound reason for New York State to bolster its own voluntary sector, enabling it to continue with its existing human service efforts. President Reagan has clearly instituted a fundamental change in domestic policy that will see less federal involvement and more reliance on state, local and private initiatives in meeting citizens' needs.

In August, 1982, Congress passed another tax measure that could adversely affect charitable giving as part of its $98.3 billion tax package designed to help limit the escalating federal deficit. Known as the individual minimum tax, it prevents wealthier taxpayers from completely offsetting their income tax liability through large deductions. If the minimum tax exceeds the regular income tax liability, taxpayers will be required to pay a 20 percent tax on income over $30,000 for individuals or $40,000 for couples filing jointly. Higher tax liabilities may mean that less income may be available for discretionary giving. No figures specifically estimating the minimum tax's effect on charitable giving have been made available, but overall the tax is expected to raise $1.3 billion in new federal revenues over three years beginning January 1, 1983 (37).

Very serious questions exist as to how much the voluntary sector can expand to make up for the federal budget cuts. Carl Struever, a business leader from Baltimore, Maryland, challenged President Reagan's view that a "torrent of private initiatives" aimed at taking over federal welfare responsibilities will materialize in response to the budget cuts. He argued that the problem was one of finances.

> The first question is one of cost: can the private sector, voluntarily, produce the funds needed to replace the billions of federal dollars slashed from public program budgets? 1982 cuts amounted to some $45 billion, and all indicators from the present point to a push for even larger reductions in '83 and '84. By comparison, all corporate giving in 1980 was a grand total of $2.7 billion or less than the cut in the federal public service jobs program alone (38).

Struever recognized that Reagan's tax cut program does encourage corporate giving by raising the tax exemptions on charitable contributions to ten percent of pretax earnings, but noted that the raise will probably have little effect because the prior ceiling of five percent was not a barrier to corporate giving which ran at about one percent.

Struever also questioned the scope of the President's plan to utilize volunteers to take up the slack in programming resulting from his budget cuts. Businesses, in Struever's view, might have interests in some community-oriented activities, but he doubted their desire to become involved in questions concerning the environment, energy conservation and minority employment.

> Too many public needs involve short-term costs and yield only long-term benefits. Affirmative action today may lead to greater stability in our inner cities tomorrow, but the extra expense of training unskilled, under-educated workers is a heavy burden for a business to carry when it is competing with other businesses that may not voluntarily make the same commitment to minorities. Likewise, the cost of installing pollution control equipment can be prohibitive to one steel mill if its competitors don't bother (39).

Writing for the Wall Street Journal, Lindley H. Clark Jr. does not believe that business can take up the slack in federal programs and that the business of business is not charity. "Most corporations are ill-equipped to do an especially wiser job in this area and they know it." (40) Of 1.4 million corporations having profits in 1977, according to the American Enterprise Institute, only 13 percent reported charitable gifts of $500 or more and only 58,000 (or four percent) reported giving at the full five percent of pretax profits level previously provided under the law (41). Clark further focuses on another significant barrier to corporate volunteerism:

> The more indirect the interest becomes, the harder it is to make a case that the gift is desirable. Corporate image is a matter of concern to any company that deals with the public, so companies like to show that they are good neighbors and good citizens (42).

In this view, corporations are unlikely to get involved in supporting voluntary sector programs that will not have some direct public relations payback for them. Along these lines, Clark noted that a Conference Board survey released in January, 1982, shows that corporations are not, for the most part, planning to increase their contributions in 1982 to make up for the federal budget cuts (43).

The current recession appears to be another problem confronting any effort to increase private sector charitable contributions. A Cox News Service article in the Rochester Times-Union notes that:

> ...while the number of worthwhile causes is increasing proportionately with each budget slash, the recession is strapping many companies. So the embrace business can generally afford is the kind that you might give your third cousin once removed at a family reunion (44).

Quoting Patrick McGuire, executive director of the Conference Board's Business-Government Research Program, the analysis found that some government strategists are not aware of the significant role already being filled by corporate volunteerism:

> There is a widespread sense (among businesses) that political strategists are not aware of the extent to which the business community is already supporting various philanthropic endeavors....Many executives also believe that the administration stategists do not appreciate the limited resources actually available to meet various funding shortfalls (45).

The concerns expressed by these critics of the Reagan plan to utilize increased volunteerism to help offset his administration's budget cuts are valid and are well-expressed, but they deal primarily with the corporate philanthropy side of volunteerism, which is a very modest element of the overall voluntary sector. According to the National Association of Fund-Raising Counsel, corporate philanthropy in 1980 amounted to $2.7 billion out of a nationwide total of $47.8 billion in charitable giving. Individual donors accounted for $39.9 billion while bequests provided $2.8 billion and foundations added the final $2.4 billion to the national total (46). Corporate philanthropy may have a potential for major increases, and the Reagan Administration may consider it an important component of its plan to utilize the voluntary sector to offset some of its budget cuts, but at least a tenfold increase in corporate giving would be required to generate the magnitude of support that will be needed as a counterweight. That would require a major modification of corporate behavior. Increasing individual giving by the same amount, $27.0 billion, however, would only require a 67.7 percent gain, which would require a much less radical change in behavior patterns. New York State will therefore probably have more to gain from approaches that focus on individuals, as opposed to corporations, in developing its own strategy for offsetting the budget cuts. However, no avenue for increased support should be totally ignored.

A Chemical Bank study of charitable contributions through 1984 indicates that there are reasonable grounds for optimism in seeking to achieve major gains in charitable giving over the next several years. The study projected a 55 percent, or $23 billion, increase in giving from 1979 through 1984 (47). As seen in Table 12, individual donations are anticipated to increase by 61.1 percent. Corporate giving should rise by 57.6 percent, but bequests and foundations are not expected to see much increase, with a modest 2.7 percent growth rate pre-

Table 12

Projected Annual Percentage Growth Rate of Contributions by Contributor Groups (48)

Category	1979	1980	1981	1982	1983	1984	Total Growth
Individual	11.4	9.8	1.1	10.0	9.6	9.6	61.1
Corporate	11.1	9.6	11.5	12.4	12.9	10.7	57.6
Bequests & Foundations	6.1	11.5	3.4	-3.0	-4.1	-4.2	2.7
Total	9.3	9.5	10.3	8.8	8.6	8.6	54.9

dicted. Allowing for inflation, there will be less than a 55 percent overall gain in contributions in real dollar terms over the 1979-84 period, but real gains of somewhere in the 10 to 20 percent range ought to be attainable even in the face of moderate inflation. If these gains are probable under presently existing conditions, then more substantial gains should be possible in New York State if a carefully targeted and vigorously promoted strategy is implemented.

Table 13 qualifies the growth projections for charitable contributions by breaking them down into six subcategories based upon the types of groups or organizations receiving the donations. The arts and humanities category is expected to experience the greatest growth, with education, health and hospitals, and social welfare trailing the national average. The Chemical Bank study attributes the lower than average growth rate in those three areas to their heavier reliance upon bequests and foundations for support (49). This is valuable information because it points to a need to promote giving in specific areas in order to best use any increase in charitable contributions resulting from State legislative or administrative actions. Creating a greater incentive to give must be accompanied by efforts to channel the increased giving into the areas of greatest need if New York State is to seriously pursue volunteerism as a major component of its plan to offset the effects of the federal budget cuts.

By tying the potential for increased corporate philanthropy to the resolution of economic problems such as minority unemployment, critics have combined two separate issues and have failed to take account of a successful government strategy that can produce results when dealing with economic problems. Volunteerism is best suited to address social problems that involve the delivery of services. It is not as well-suited for dealing with economic problems, though

Table 13

Projected Annual Percentage Growth Rate of Contributions to Recipient Groups (50)

Category	1979	1980	1981	1982	1983	1984	Total Growth
Religion	9.2	7.3	10.6	9.8	9.8	9.3	56.4
Education	7.8	4.2	8.7	6.9	7.2	6.6	38.4
Health & Hospitals	8.6	9.0	8.6	6.0	5.7	6.1	40.9
Social Welfare	9.6	3.8	7.8	6.0	5.7	6.2	33.0
Arts & Humanities	8.0	24.2	14.2	12.8	11.5	12.2	100.0
Civic & Public	11.3	25.9	12.4	9.9	8.7	10.0	85.9
Total	9.3	9.5	10.3	8.8	8.6	8.6	54.9

there is successful volunteer involvement in this type of work in a few communities. Examining where volunteers are currently involved substantiates the contention that volunteerism has its place in the delivery of services in areas such as health, social services and education. Increased volunteerism should not be expected to overcome all of the deficiencies created by the budget cuts nor can it realistically be viewed as a strategy for solving all the problems that existed prior to the enactment of the cuts. It should, however, be recognized as a potentially important component of any comprehensive strategy for meeting the public's needs.

Economic questions should meanwhile be addressed by strategies that are best suited for resolving them. As outlined in the preceding chapter on the economic eclipse of New York State, tax breaks have begun to reinvigorate the Empire State's economic competitiveness with other states. Those tax breaks were a means of legislating a given social aim--namely improving the overall economy and creating more jobs. New York State has also pioneered programs designed to aid economically depressed areas of the State, especially where there are high minority concentrations. The Job Incentive Program can serve as one model for future policies designed to benefit the disadvantaged in New York. The real question here concerns what volunteerism should be expected to accomplish versus what other governmental policies ought to be accomplishing. Struever's criticism, for instance, is representative and accurate. Businesses will not usually take actions that are significantly contrary to their profitability. Therefore, each aim desired by government ought to be met through a policy specifically designed for its attainment.

Questions have also arisen regarding the ability of the voluntary sector and volunteers to fill the human service gaps created by the federal budget cuts. An October, 1981, Washington Post editorial summed up that concern very concisely.

> Voluntary activity is, and always has been, an important and commendable part of American life. Certainly it should be encouraged to expand beyond its present horizons. But voluntarism never did suffice to erase the horrors of the almshouse or the sweatshop. Government got into the social welfare business because, before it did, most of the very poor, the mentally ill and other near helpless people lived in truly wretched conditions--conditions that have no place in a prosperous nation such as ours (51).

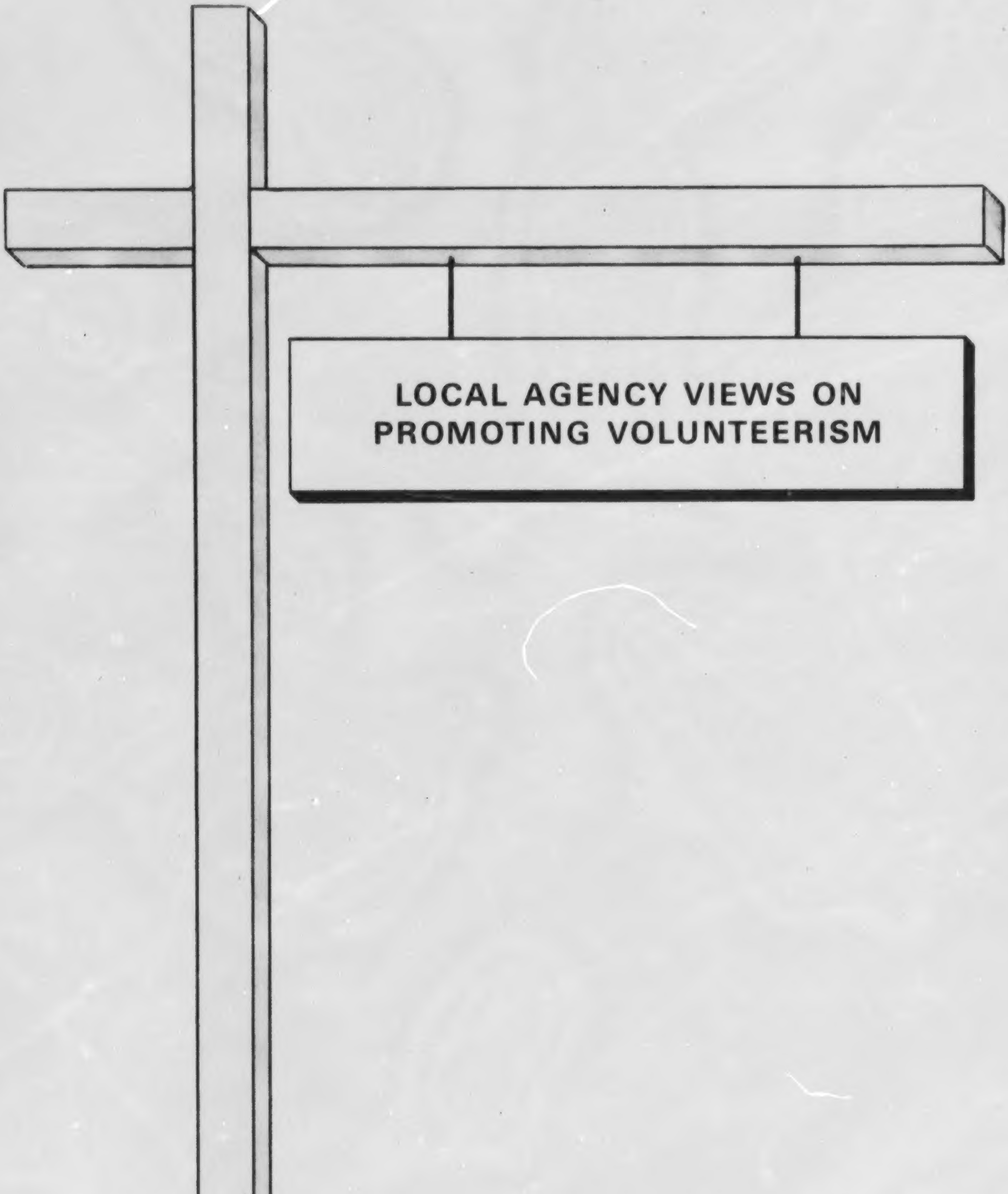
The review of recent research demonstrates, though, that volunteerism is already a potent social force in the United States. Although there are many independent efforts made by State agencies and voluntary sector organizations to recruit volunteers in New York, there is no intensive, unified effort supporting their recruitment work and guiding their volunteers into crucial service areas. Such a unified promotional effort may just be what is needed to overcome those objections about the ability of increased volunteerism to meet the human services endangered by the federal budget cuts.

EXPECTATIONS FOR VOLUNTEERISM

New York State can tap a tremendous volunteer resource that, as the data shows, is present and is already involved in many of the areas that are losing federal support. Americans and, by extrapolation, New Yorkers possess a social conscience that motivates them to help others. The voluntary sector is backed by $129 billion in expenditures, which makes it a significant component of the national economy. Prorating national figures on the value of volunteer services and the real dollar expenditures of the nonprofit sector, volunteerism is worth at least $15 billion annually to New York State. This magnitude indicates that the potential exists for the State to utilize volunteerism as a significant part of its effort to preserve State and local services endangered by the recent federal budget cuts. Existing nonprofit sector services will also require attention because they, too, are endangered by the budget cuts and their loss could cause further dislocations in community services across the State.

Critics have correctly pointed out that volunteerism, particularly corporate philanthropy, cannot hope to fill the entire void created by the budget cuts; certain economic problems like minority unemployment may require other, specialized approaches by government. Yet, not-too-drastic increases in the level of volunteer activity and charitable giving by individuals could produce several billion dollars worth of time and financial support for filling part of that void in New York State. The basic willingness to get involved in volunteer activities and the basic willingness to give already exist; no new behavior patterns need to be created. Proposals for State action therefore need only focus on attaining greater participation.

The next section of this report examines proposals made by local voluntary action centers in New York State for stimulating increased volunteerism and making more effective use of volunteers. Because such agencies are involved in daily efforts to utilize volunteers, they have excellent insight into what motivates volunteers and what the voluntary sector will need to fill an expanded role in the delivery of State and local services as well as to retain its own community services.



LOCAL AGENCY VIEWS ON PROMOTING VOLUNTEERISM

LOCAL AGENCY VIEWS ON PROMOTING VOLUNTEERISM

AGENCY SURVEY

Volunteerism already fills an important role in New York State and, if it can be effectively strengthened and guided, it has the potential to help sustain the State and local services that have been endangered by the recent federal budget cutbacks. Recognizing that such a potential exists leads directly to the question of how can greater volunteerism be encouraged in the State? In August, 1981, the Senate Task Force on Critical Problems initially approached this question by surveying the 19 local Voluntary Action Centers or Committees (VACs) in New York State to learn what they believed was needed to help strengthen the voluntary sector. Located primarily in the larger metropolitan areas, the State's VACs are almost exclusively either autonomous volunteerism coordinating and planning agencies, part of a local government or are an arm of the local United Way or Red Cross chapter. They are supported through either public or private funds or a mixture of the two. As important components of the voluntary sector in each of their communities, the VACs are intimately involved in planning the delivery of community services and, in some cases, are direct service providers themselves. In addition, typical VACs do volunteer intake work and match clients with the agencies that meet their service needs. As a group, they have regular contact with thousands of volunteers and service clients, other voluntary sector organizations and State and local government agencies. VACs are knowledgeable about the needs of both volunteers and the organizations through which those volunteers serve their communities. They were therefore an excellent resource for this study.

Questions on the Task Force's survey provided for open-ended responses so that they would not lead respondents to a predetermined answer. The survey included the following questions:

- What do you perceive as the most critical problems that face the voluntary sector in its efforts to deliver community services?

- What plans have voluntary sector agencies in your community made to adjust to the upcoming federal budget cuts?

- Do you perceive that voluntary sector agencies can or should aid in filling the gaps created in the delivery of community services resulting from the federal budget cuts?

- In what ways do you believe New York State can promote, or preserve, volunteerism?

- How can New York State or local organizations encourage more individuals to contribute their time and/or money to the voluntary sector's delivery of community services?

Preliminary research done by the Task Force prior to undertaking its survey indicated that tax breaks to stimulate volunteerism and a State-directed effort to assist local agencies and to promote or publicize volunteerism would bolster New York's voluntary sector. The survey's results demonstrate that VACs across the State--whose principal concern is the promotion of volunteerism--hold similar views.

An impressive array of proposals emerged from the Task Force's survey. With most respondents offering multiple recommendations, the 16 participating agencies generated 22 distinct suggestions for action (Table 14 lists the responding agencies). Not all of their proposals, however, require legislative or

Table 14

Voluntary Action Centers Responding to Task Force Survey

Voluntary Action Center of Albany
Voluntary Action Center of Broome County
Voluntary Action Center of the United Way of Buffalo and Erie County
Chemung County Chapter, American Red Cross Volunteer Resource and Development Center
Voluntary Action Center of Dutchess County
Essex County Center for Voluntary Action
Voluntary Action Center of the Glens Falls Area
Mayor's Voluntary Action Center (New York City)
Voluntary Action Center of Nassau County
Rochester-Monroe County Chapter, American Red Cross Volunteer Forum
The Health Association (Rochester) Compeer
Rome Voluntary Action Center
Human Services Planning Council of Schenectady County
The Volunteer Center (Syracuse)
Volunteer Bureau of the Mohawk-Hudson Area United Way (Troy)
Voluntary Action Center of Greater Utica

even State action for implementation. Table 15 summarizes the VACs' proposals and organizes them by broad categories according to the kind of action needed for their implementation:

- State action which requires legislation for implementation;
- State action which does not absolutely require legislation for implementation;
- federal action beyond the State's ability to act; and
- local or private action not requiring State action.

Because this report is concerned with actions, particularly legislative actions, that New York State can take to promote volunteerism, the proposals involving federal and local or private action will not be evaluated to the same degree as those involving State action. They will be reviewed, however, so that the appropriate parties may consider their merit.

PROPOSALS INVOLVING STATE LEGISLATIVE ACTION

Income tax deductions for volunteers were among the more popular of the proposals advanced by the VACs. These fell into several categories, including tax deductions for general volunteer services, donated professional services, charitable contributions and transportation. Tax credits for child care costs incurred while volunteering, an extension of Workers' Compensation coverage to volunteers and the provision of financial support to VACs rounded out the list of proposals that would require State legislative action for implementation due to the Legislature's authority over those matters.

Deductions for Volunteer Service

Five VACs advocated income tax deductions for volunteer services in general while one VAC mentioned income tax deductions for donated professional services. The rationale behind a tax deduction for voluntary service is that many people who can do so give of their time in the same manner that others, who can afford to do so, make charitable financial contributions. Because time can be as valuable as money, the VACs have advocated providing a deduction for donated services in order to help fill their and other agencies' needs for crucial volunteer support.

Table 15

Task Force Survey Summary of Agency Proposals for Promoting Volunteerism (16 of 19 surveyed responding)

Proposal	Number of Agencies Proposing
Proposals Involving State Action Which Requires Legislation	
Tax Deductions for Volunteer Services	5
Tax Deductions for Nonitemized Charitable Donations	1
Tax Deductions for Donation of Professional Services	1
Increasing Mileage Deduction for Volunteers' Automobile Usage	4
Tax Credits for Child Care while Parents are Volunteering	1
Providing (Unspecified) Tax Benefits	1
Extending Workers' Compensation Coverage to Volunteers	2
Providing Financial Support for Voluntary Action Centers	2
Proposals Involving State Action Which Does Not Require Legislation	
Creating a State Office of Voluntary Citizen Participation	8
Promoting Volunteerism Through a Public Relations/Publicity Campaign	10
Providing Training for Local Agencies	5
Creating a Computerized Resources Listing	3
Offering Civil Service Credit for Volunteer Experience	1
Offering/Increasing Academic Credit for Volunteer Experience	3
Offering High School and/or College Courses on Volunteerism	1
Having Schools and Workshops Mandate Voluntary Community Service	1
Hold Public Hearings on Ways to Promote Volunteerism	1
Proposals Involving Federal Action	
Tying Block Grants to Volunteerism Usage	1
Providing Food Stamps for Volunteers	1
Proposals Involving Private or Local Action	
Having Employers Provide Release Time for Volunteer Work	5
Reimbursing Volunteers for Their Services	2
Offering Volunteers Reduced Public Transit Fares	1

The Voluntary Action Center of Greater Utica was one of the VACs to advocate the promotion of volunteerism through "increased tax benefits and recognition of the cost of volunteer service." (1) The agency's executive director anticipated that the federal budget cuts would be a major challenge to the voluntary sector.

> The voluntary sector is being asked to fill the service gap being caused by shrinking federal funds. During this critical period we expect the demand for services to increase due to the ripple effect of loss of funds to any particular agency. The initial problem will thus be to find alternative funding sources and mechanisms. To increase our service capability without major funding we will need to utilize the skills and energy of volunteer workers. At a time when individuals are severely feeling the pressures of inflation, recruitment is a very critical problem. Many families require the income of two bread-winners and many others feel the need for a second job as supplemental income. Even those individuals who can find sufficient time to serve as a volunteer are being faced with the increased costs of their unpaid work. Transportation costs can no longer be overlooked, nor can increased auto insurance, babysitting fees, etc. (2).

Other VACs expressed similar thoughts. Considerable concern was voiced about the federal budget cuts. Many respondents were not certain in August, 1981, what long-range effects would result from the cuts, but they did foresee the double pressure of increased demands for services with fewer volunteers available. The executive director of the Voluntary Action Center of Albany was one who forecast such pressure:

> Voluntary Action personnel perceive that there will be great pressure to pick up unserved need, with fewer resources to do so. Most project increased need if inflation and/or cuts in social security (to name one example) generate increased need for meals programs, escort service to medical appointments, and other services which will become beyond the reach of many citizens now able to provide for themselves (3).

Many of the survey's respondents felt that voluntary sector agencies would be called upon to help fill those unserved needs resulting from the federal budget cuts.

To fill those needs, they anticipate requiring greater financial and volunteer resources. With the need for second incomes to support their families, many women, who have been the traditional mainstays of the voluntary sector, have been finding less time to do volunteer work. Thus, there is a greater need for volunteers at a time when there are also heavier pressures on the traditional volunteers to find paid employment. These competing needs are compelling voluntary sector agencies to make their volunteer assignments more flexible to:

- accommodate the new work patterns of volunteers;
- to take advantage of nontraditional volunteers; and
- to make their volunteer work more relevant, such as making it creditable experience for employment.

Even with such adjustments in their utilization of volunteers, VACs report a need to find ways of stimulating greater volunteerism; increased responsibilities will require greater resources. The income tax deduction for volunteer service has thus been advanced as one means of promoting greater volunteerism, recognizing that income tax deductions for charitable contributions have helped to stimulate financial support for the voluntary sector in a similar manner.

This support for offering income tax deductions for volunteer service shows that legislation initially introduced by State Senator Joseph R. Pisani in 1980, gained favorable response in the voluntary community by August, 1981. That legislation, embodied in S. 1588-B in 1981, would have permitted taxpayers who performed at least 50 hours of volunteer work with a particular organization, school or agency to take an income tax deduction of five percent of the value of such services, up to a maximum of $500 per individual. Although the bill passed the State Senate in 1981, no action was taken upon it in the Assembly. Reintroduced as S. 8094-A in 1982, it was modified to require volunteers to perform a minimum of at least 100 hours of service to qualify for the benefit, but would meanwhile have permitted them to accumulate the minimum time required through service to as many as three agencies instead of just one. It also passed the Senate, and, again the Assembly failed to act upon it. While the deduction would not equal the value of the services rendered, it would still have an impact. Deductions for charitable contributions also do not return tax savings on anywhere near a dollar-for-dollar basis, but they still have had an impact upon charitable giving. This point will be examined in greater detail in this report's chapter on recommendations.

Deductions for Charitable Contributions/Financial Support for VACs

Just as the VACs anticipate the need for greater manpower resources, they also believe that they will need greater funding to meet the dual challenges of inflation and the federal budget cuts. The executive director of the Voluntary Action Center of the Glens Falls Area tied these two needs together quite clearly:

> The most critical problems facing the voluntary sector in the delivery of community services are 1) funding for program coordination and 2) the availability of volunteers. Funding lost to agencies through budget cuts must be replaced by state and private donations (4).

Not only will public programs, State and local, be affected by the federal budget reductions, but voluntary sector activities will also feel the cuts. Federal funds support some of the voluntary sector's programs that deliver community services, particularly in the human services field. The voluntary sector will need to develop new funding sources, expand existing ones or, most likely, develop a financial support strategy that embodies both new and existing funding sources. That is why one of the VACs proposed State income tax deductions for charitable contributions while two advocated public financial support for Voluntary Action Centers.

The proposal for State income tax deductions for nonitemized contributions has already seen legislative action. Senator Roy Goodman introduced a bill, S. 2455-A, which would allow individual taxpayers to claim their charitable contributions without having to itemize to do so. It was passed by the Senate in both 1981 and 1982, but failed to obtain adoption in the Assembly in either year. Congress has already passed a national version of this proposal which will be phased in over four years through 1986. The merits of nonitemized deductions will also be examined in this report's recommendations section.

Although there is considerable merit for direct public support of Voluntary Action Centers, State funding for any given agency or group of agencies at this time would lead to funding requests from many other deserving agencies. New York State does not have the ability to replace federal budget cuts on a dollar-for-dollar basis. Raising taxes would, as documented earlier in the chapter entitled "Escaping the Economic Eclipse," weaken the Empire State's economic vitality and competitiveness with other states and put additional strain on the State's human services agencies. New York's response to the fiscal challenge posed by the federal cutbacks ought to be met by actions that multiply voluntary sector resources through carefully targeted proposals, which may include tax reductions, rather than by tax increases that depress the economy and compel more residents to rely upon the State and local governments for assistance. Some of the State's VACs do receive local public support, but this, too, is in jeopardy as local officials try to contain local tax escalation. Any loss of local funding for VACs and other voluntary sector agencies will strengthen the argument for the State taking action to help the voluntary sector develop alternative funding resources, such as through the proposal for permitting nonitemized deductions for charitable contributions.

Tax Benefits for Volunteers' Expenses

Volunteers experience actual expenses in their efforts to be of service to their communities. Transportation costs can be a real factor where considerable distances must be travelled on a regular basis, as in the State's rural areas. Child care expenses can also inhibit volunteer involvement in instances where volunteers have young families. Four VACs recommended increasing the mileage deduction for volunteers' automobile usage and one suggested tax credits for child care that is required while parents are volunteering.

Volunteers could deduct 9 cents per mile on their 1981 income tax returns for travel in the performance of volunteer services, but individuals required to use their vehicles for business purposes could deduct 20 cents per mile for the first 15,000 miles travelled and 11 cents per mile for additional travel in excess of that 15,000 miles. Voluntary sector leaders have questioned this disparity, arguing that volunteer service also has important value to the community. There is certainly no difference in the cost of operating a motor vehicle depending upon whether it is used for either business or volunteer purposes. The executive director of the Human Services Planning Council of Schenectady County (that municipality's VAC) spoke out for tax breaks to offset the actual costs of volunteering and strongly questioned the difference in the mileage deductions allowed for volunteer versus business purposes:

> Appropriate tax incentives for donating time through volunteering will be essential as well as tax breaks for out-of-pocket costs. One such example of out-of-pocket costs concerns transportation. Why it costs a business person 20 cents a mile to drive a car and a volunteer only 9 cents, I'll never understand. There is federal legislation pending which would address that question. That kind of support will be needed in order to strengthen and preserve volunteerism (5).

No legislation was pending in New York State in 1982 to eliminate that difference, though several bills sought to raise the deduction one or two cents for volunteers.

Even if both federal and State legislation were adopted to raise the volunteer mileage deduction to parity with the business deduction, volunteer transportation costs would not be met on a dollar-for-dollar basis by the two deductions combined. The deductions would lower the volunteer's taxable income, but the real tax savings would not equal the cost to the volunteer until the effective State and federal tax rates, added together, equalled 100 percent of taxable income. There are no instances where the combined effective rates equal 100 percent, so no deduction set at or near actual cost would completely reimburse volunteers for actual costs.

Helping volunteers with child care costs would provide a legitimate benefit, but a problem exists with the proposal for offering tax credits for child care needed while parents volunteer. Unlike deductions, credits reduce the income tax levy on a dollar-for-dollar basis because they are applied against the tax and not against the pretax income, thereby lacking the "multiplier" effect of deductions. If a significant "multiplier" effect cannot be achieved, then the State would be just as well advised to hire someone to provide a given "volunteer" service. Volunteering implies a donation of time or money by the volunteer; benefits provided to stimulate increased volunteerism in the State ought therefore to have a very high return in terms of the services or donations obtained. A lesser problem with providing a tax break for volunteers' child care costs is that no statistics are available demonstrating the magnitude of the problem. The costs are legitimate, but further study is needed to show that the voluntary sector would benefit significantly from the adoption of either a tax credit, or the more realistic deduction.

Workers' Compensation Coverage for Volunteers

Workers' Compensation serves as a form of employee insurance covering accidents incurred on the job. Employers are required to provide this coverage through a tax levied by New York State. Two VACs suggested an extension of Workers' Compensation coverage to volunteers. However, were agencies utilizing volunteers to be compelled to provide Worker's Compensation, they would face an additional expense burden in a time of financial stress that would tend to limit their use of volunteers--which is a result that would run against the intent of the proposal for providing Workers' Compensation. Agencies that can afford to do so may purchase commercial insurance coverage for their volunteers if they so wish.

PROPOSALS INVOLVING NONLEGISLATIVE STATE ACTION

The proposals for State actions included in the second section of Table 15 do not absolutely require legislative approval for implementation. They range from the creation of a State Office of Voluntary Citizen Participation, or State Volunteerism Office, to ideas designed to promote increased volunteerism through a public relations campaign, training assistance to make more effective use of volunteers and incorporating volunteerism studies and activities into the State's educational programs. The creation of a State Office of Voluntary Citizen Participation is included in this section because the Governor could assign its functions to an existing State agency through an executive order. This has been the route followed in many other states, but this report's chapter on recommendations will consider the desirability of following the legislative versus the executive route in the creation of a Volunteerism Office for New York State.

Creating a State Volunteerism Office

Eight of the responding agencies proposed the creation of a State Office of Voluntary Citizen Participation. They viewed such an office as a tremendous asset to the voluntary sector with its potential for statewide training, public relations and centralized information services. The executive director of the New York City Mayor's Voluntary Action Center tied many of the potential benefits of a State Volunteerism Office together in her response to the Task Force's survey. Her proposals included suggestions for:

- holding statewide or areawide conferences on volunteerism to encourage discussion about current trends and issues in the field;
- developing a statewide promotional campaign (perhaps linked into I LOVE NEW YORK) with encouragement to call the local Voluntary Action Center or Volunteer Bureau;
- setting up a State Task Force on Volunteerism to explore and then to lobby for legislative proposals deemed necessary by voluntary sector leaders and to identify goals for the State office;
- conducting statewide research into such volunteer issues as:
    - personnel policies and practices as they relate to volunteers;
    - volunteer insurance;

  - schools and colleges offering academic credit for volunteer experience;
  - municipal civil service and private sector acceptance of documented relevant volunteer experience on job applications in lieu of paid work experience; and
  - statewide profile of the volunteer today;

- providing a clearinghouse on all matters pertaining to volunteerism;
- recognizing outstanding volunteer programming;
- assisting communities without VACs or Volunteer Bureaus to set up this kind of service locally;
- offering special training programs on a State or regional basis;
- providing consulting services on the financing of volunteer programming; and
- maintaining a statewide skills bank on personnel available to assist local communities in their volunteer efforts (6).

State Offices of Voluntary Citizen Participation, whether under that title or a similar designation, have been created in other states by either legislative action or executive order; in several cases legislative enactment has followed creation by executive order. Once created, a State office could promote volunteerism through a publicity or public relations campaign, provide training in volunteer management for community service agencies, initiate a computerized resources listing that could match potential support with community needs all across the Empire State and even encourage employers to provide release time for volunteer work by their employees.

Other Suggestions for State Action

The final five suggestions listed in the second section of Table 15 do not require any legislative action, and several are already in effect to varying degrees. New York State's Civil Service Commission recognizes relevant volunteer experience as a qualification for taking examinations for State employment. This particular proposal will be examined in greater detail later in this report because more thorough publicizing of the State's acceptance of volunteer experience for employment could help to promote volunteerism. Increasing academic credit for volunteer experience, offering courses on volunteerism or requiring community service from students are proposals that would require action by the

State Education Department or the State University system. Yet even these proposals are in effect to varying degrees across the State and could be promoted further by a State Office for Voluntary Citizen Participation. Public hearings or conferences have already been held on specific matters that have affected volunteers, such as Senator Pisani's bill providing an income tax deduction for volunteer service, and they will most likely be held in the future concerning legislation of potentially major impact.

PROPOSALS INVOLVING FEDERAL, LOCAL OR PRIVATE ACTION

Two proposals were made which would require federal action for implementation, while two others would necessitate local action and a fifth would involve the private sector. Recipients of block grants could be compelled to demonstrate volunteer usage as a condition to receiving such federal funding. In its broadest sense, the proposal is similar to a Florida mandate for a volunteer impact statement which requires agencies receiving state funding for new programs to outline efforts to be made to involve volunteers in program support. Providing food stamps as an incentive for volunteers would also require federal action since the federal government sets the basic requirements for participation in that program. The first of these two proposals requiring federal action would compel state and local agencies to make determined efforts to utilize volunteers in program management and the delivery of services to qualify for block grants. It also would strengthen the voluntary sector by sensitizing program managers to the value of volunteers as well as encouraging them to make meaningful use of volunteers in the increasingly tougher competition for federal dollars. Food stamps could serve as an incentive for volunteers in the same manner as tax benefits; providing them to volunteers could help them offset their actual expenses, though in an indirect manner.

Offering private sector release time for volunteer work would not involve State legislation, but here is another area where a State Office of Voluntary Citizen Participation could have an impact. In its campaign to promote increased volunteerism, a State office could also approach private employers to encourage them to offer release time for all employees. Some New York State employers currently offer informal release time while others participate in "loaned executive" programs. A State office could make a strong case for release or loaned time for office and blue collar workers, whose skills are needed in the voluntary sector.

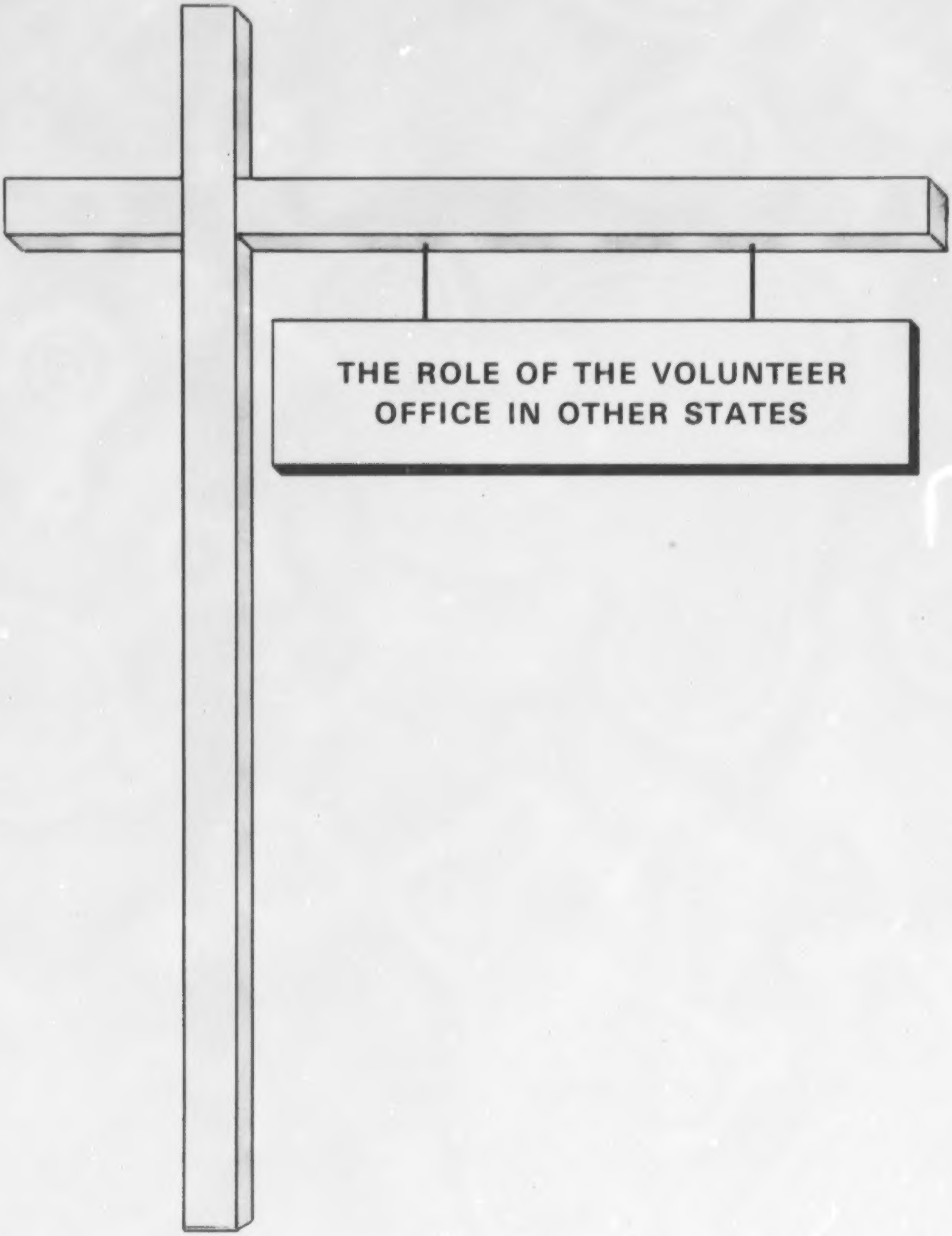
Reimbursing volunteers for their services could run into problems with public sector agencies, as the provision of pay for services would come under the Civil Service Law. Volunteers serving with nonpublic sector agencies could be reimbursed without facing that problem, but the entire nature of volunteerism and its benefits would come under question if volunteers were reimbursed for more than just their expenses. If they were to received even a fractional salary for their assistance, volunteers could carry a prohibitive expense for agencies that were dependent upon "paid" volunteers in the delivery of their services.

Making public transportation available to volunteers at reduced fares would require action by the appropriate transportation authorities. This would be one way of meeting an actual expense incurred by volunteers, but the question of equity for the transportation authorities arises. One operating agency would be required to provide the benefit, and thus incur all the costs, when many other agencies would benefit at no cost to themselves.

A WEALTH OF IDEAS

The 16 VACs responding to the Task Force's survey have generated a wealth of ideas for promoting volunteerism in New York State. They range from tax incentives for volunteer work and charitable contributions to creation of a State Volunteerism Office, which could promote volunteering on a statewide basis. They have also included offering Workers' Compensation coverage for volunteers and placing a greater emphasis upon volunteerism studies and volunteer work in the State's educational sector.

The Task Force next considered how state volunteer offices have aided other states and what benefits those states have offered to stimulate increased volunteerism in an attempt to assess the potential they could have for promoting volunteerism in New York State.



THE ROLE OF THE VOLUNTEER OFFICE IN OTHER STATES

THE ROLE OF THE VOLUNTEER OFFICE IN OTHER STATES

SURVEY OF STATE VOLUNTEER OFFICES

The Task Force's August, 1981 survey of the then 25 State Offices of Voluntary Citizen Participation (SOVCP) brought responses from 20 states. Their responses showed that although there are many unique characteristics in each of the states, there are likewise many underlying similarities in the ways the states with such offices attempt to support and promote their voluntary sectors. Common to most SOVCPs are efforts to:

- promote volunteerism through media campaigns;
- encourage state agencies to make effective use of volunteers;
- recognize volunteers through an awards program;
- keep state and local agencies informed about developments in the voluntary sector through a regularly published newsletter;
- sponsor or assist with training-related workshops for local agencies to assist them in making more effective use of their volunteer resources;
- provide other types of technical assistance, upon request, to state and local agencies in their efforts to utilize volunteers; and
- provide library and clearinghouse services to help state and local agencies share ideas and resources.

Several of the state volunteer offices also reported that they serve as advocates for the voluntary sector, as in the promotion of legislation benefitting volunteers; assist in setting up local voluntary action centers; and supervise special programs, such as refugee resettlement in several Southern states and the Texas program for first-time parents that helps them understand their growing children's needs. Of the 20 responding states, Florida and South Dakota reported that their offices were closing due to political reasons (neither office was legislatively created and therefore had no guaranteed continued existence as changes occurred in state government leadership or its philosophy), while Idaho's SOVCP was going to an independent, nonprofit status because the Idaho Legislature declined to fund it any further.

BASIC CHARACTERISTICS OF A STATE VOLUNTEER OFFICE

Table 16 outlines the basic characteristics of the responding SOVCPs. The method of creation (whether by executive order or legislative enactment), to whom the office reports, the staff size as of August, 1981, the reported budget for the fiscal year that included that August and whether or not the SOVCP received ACTION funding at any time for either general or special operations are summarized in the table. As can be seen, State Offices of Voluntary Citizen Participation are not large operations. They range in staff size from no additional staff in Missouri, where the function is assigned to the Lieutenant Governor's office, to 14 in North Carolina, which is reputed to have one of the most sophisticated voluntary action operations in the country. Those two states also encompass the budget extremes, with no additional funds designated for the Lieutenant Governor in Missouri for the purpose of promoting volunteerism to the $500,000 provided for the North Carolina office. New Jersey also reported no specific appropriation for its single-person operation, while Texas reported the second-highest level of support at $350,000. In follow-up conversations with many of the state offices, $100,000 was frequently mentioned as the ideal start-up funding level, but that figure had been the maximum level at which ACTION would initially fund a SOVCP as a seed grant. Only two states, Missouri and Rhode Island, had not received some form of financial support from ACTION; most had received an operating or start-up grant during one or more of their initial years of operation.

Although an executive order from the governor was the favorite route for initially starting a SOVCP, here, too, there were exceptions. Georgia's office was initiated by the State's commissioner of administrative services while the offices in Arkansas, Connecticut, Rhode Island and Virginia were started by state legislative action. In discussing the method of formation with SOVCP and ACTION officials, it was discovered that legislative enactment had the advantage of giving permanance and program stability to the office, enabling it to transcend changes in gubernatorial administration. Half of the offices, however, responded that they reported to someone other than the governor. With the exception of the Rhode Island office, which is a commission that reports to its

Table 16

State Offices of Voluntary Citizen Participation

State	How Created	To Whom Reports	Staff Size	Budget	Reported ACTION Funding
Arkansas	Legislature	Governor	4 2/3	$100,000	Yes
California	Governor	Governor	5	169,000	Yes
Colorado	Governor	Governor's Human Services Ass't.	3	62,565	Yes
Connecticut	Legislature	Office of Policy and Management	4 p.t.	30,000	Yes
Florida	Not Reported	Governor	12	230,000	Not Reported
Georgia	Commissioner of Administrative Services	Dept. for Community Affairs	4	55,000	Yes
Idaho	Governor	Governor	3	137,000	Yes
Illinois	Governor	Governor	4	133,000	Yes
Indiana	Governor	Governor	3	86,000	Yes
Iowa	Governor	Governor	3	74,000	Yes
Kentucky	Governor	Dept. for Local Government	1	40,000	Yes
Minnesota	Governor	Dept. of Administration	4	158,700	Yes
Missouri	Governor	Lt. Governor	0	0	No
New Jersey	Governor	Dept. of Community Affairs	1	0	Yes
New Mexico	Governor	Governor	3	30,000	Yes
North Carolina	Governor	Governor	14	500,000	Yes
Rhode Island	Legislature	Legislature	1	38,000	No
South Dakota	Governor	Social Services	3	60,000	Yes
Texas	Governor	Governor	7	350,000	Yes
Virginia	Legislature	Secretary of Human Resources	7	164,000	Yes

NOTE: Replies not received from Hawaii, Louisiana, Massachusetts, Mississippi and Oklahoma.

legislature, the SOVCPs that did not report directly to the governor did report to a ranking state official either in the governor's office or heading a major state agency.

CLOSE-UP ON THREE STATE VOLUNTEER OFFICES

California

Closer examination of the operations of several of the more active SOVCPs provides an indication of what such an office could do to promote volunteerism in New York State. California, which had a five-person office as of Autumn, 1981, began as an operation authorized through the executive budget. In 1978 it was officially organized by legislative enactment and provided with its own budget. It has received partial funding from ACTION and reports directly to the governor. The California Office for Citizen Initiative and Voluntary Action's main thrust has been to support State agencies in their efforts to utilize volunteers. The use of volunteers in California government is quite extensive, with 499,692 volunteers annually saving the State $72.6 million (1).

The activities that the California office pursues in its efforts to promote volunteerism in the State are quite diverse and extensive, as a sampling of the office's work plan for 1981-82 indicates. Included in the plan were objectives that sought to:

- develop and implement a State plan for the recognition of citizen initiatives and voluntary action;
- cosponsor a conference of corporations, foundations, nonprofits and government to discuss alternative funding for social services;
- cosponsor the Governor's Executive Fellows Program;
- develop technical assistance resource materials in the areas of funding options for nonprofits, training resources, corporate volunteer programs and volunteer program development;
- develop and publish directories of volunteer organizations;
- develop the leadership of the Indochinese refugee community to promote its economic self-reliance;
- develop a program to encourage State employees to volunteer in community and State volunteer programs;
- develop a proposal and implementation plan for the summer day care program cosponsored by Kids on Kampus;

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- develop a program to encourage State civil service retirees to volunteer within State and local government;

- develop and provide a one-day training workshop for State Volunteer Coordinators;

- conduct a survey within State service which documents existing levels of volunteer service; and

- promote and advocate for volunteer components in projects or grants funded by the State (2).

This extremely wide range of activities represents only about half of the office's objectives for the year. It recognizes that a multifaceted approach is needed to strengthen the voluntary sector in California and it focuses on the technical types of assistance that an office with a limited staff can provide. Careful scrutiny of the objectives reveals few that have the office directly delivering services. Usually, the California office is working with other agencies to help them deliver a service or it is assisting them to find additional resources--primarily volunteers or funding--that will enable them to deliver services more effectively or at a higher level. That philosophy of seeking to maximize resources, rather than deliver services directly, is common to almost all of the SOVCPs.

Texas

The Governor's Office for Volunteer Services (GOVS) in Texas provides the greatest variety of directly delivered services of any of the SOVCPs replying to the survey. The Texas office provides the regular services expected from a SOVCP, such as the provision of technical assistance to local voluntary action centers, publication of a quarterly newsletter and the maintenance of a library of books and technical manuals on managing volunteer programs. In addition to these efforts, GOVS operates:

- the Runaway Hotline, a nationwide, toll-free telephone service for runaway children;

- the Beautify Texas Council, which has a paid project director in the GOVS office;

- the Texas Refugee Resettlement Assistance Program, which also has a paid director in the GOVS office;

- the Pierre the Texas Pelican program, which is a series of 28 free, informational newsletters designed to help parents understand how their children grow and learn through the first six years of their lives; and

- the Texas Volunteers for Immunization Action, which works with volunteers in hospitals to distribute information to new mothers on the need to immunize their babies against childhood diseases (3).

Even with these directly delivered programs, though, the Texas SOVCP relies very heavily upon volunteers to actually provide its services on the local level. A staff equivalent to seven and one-half people cannot hope to have a major impact on the local level with so many programs without assistance from volunteers.

North Carolina

North Carolina's is the largest of the SOVCPs. Known as the Governor's Office of Citizen Affairs, the unit was established in 1977 through an executive order that merged the Office of Citizen Participation and the Ombudsman Office due to then-Governor Hunt's desire to make "government more responsive and accountable to all citizens of the state and that all North Carolinians be encouraged to volunteer their time and talents in service to others and their communities." (4) As found in some of the other states that have SOVCPs, an advisory council was added, and that, too, was done through executive order in 1978. The North Carolina office is unusual in that it both promotes volunteerism and acts as a citizen ombudsman. The ombudsman aspect saw the office handle 14,433 "citizen cases" from 1977 through 1981. Each case was a request or complaint that required an investigation and reply by a State agency or the Governor's Office of Citizen Affairs. In addition, the ombudsman function saw the unit handle approximately three times as many requests for information regarding State government as it did "citizen cases," bringing the total of contacts with the public to 57,732 for the first four years of the combined office's operation (5).

In its effort to strengthen its voluntary sector, the North Carolina office has also undertaken a variety of projects that are more traditional for a SOVCP. The Governor's Office of Citizen Affairs has:

- sponsored statewide recognition programs to highlight individuals and organizations active in the voluntary sector;
- developed a volunteerism promotion campaign that included packets for distribution across the State and billboards that featured the slogan "Remember When Someone Helped You?";

- published a newsletter, the North Carolina Visions, to keep volunteers, community groups and government informed about developments in the voluntary sector;
- published special materials to aid communities, such as Getting Together: A Community Involvement Workbook and Linking People To Programs: An Information and Referral Guide;
- encouraged over 23,000 volunteers to participate in the Adopt-A-School program which got community groups and businesses to aid 673 schools in 32 school systems;
- assisted with refugee resettlement in the State by acting as a liaison between private volunteer resettlement organizations and public agencies;
- sponsored an ACTION-initiated program, Payday '80, which sought to address the problem of youth unemployment; and
- initiated programs like Community Watch and Energy Conservation which were later transferred to other State agencies (6).

As in California, the pattern of programs here either saw the office providing technical assistance to other agencies or organizations or starting activities that would be taken over in whole or part by other groups. Due to the modest staffing level--14 is still quite small if direct service delivery is to be considered--even this largest of the SOVCPs had to limit its direct involvement in the delivery of community services. That is an extremely important point to consider in the development of any SOVCP. Such offices are not designed to provide a new route for the delivery of state or community services but rather to work with existing state and local agencies and community groups to help them discover new ways of utilizing volunteers to retain or expand their efforts to serve the public.

OTHER STATES' BENEFITS FOR VOLUNTEERS

In addition to the information it gathered about the operation of state volunteerism programs, the Task Force's survey of SOVCPs also sought to collect information on the types of benefits other states offer to encourage volunteerism. Half of the 20 states that responded to the survey reported that they provided one or more types of benefits to encourage or preserve volunteerism. These benefits generally fall into two categories: those that are available to volunteers in general and those that are available only to volunteers serving with state government. One exception to this general rule arose in Virginia, which offers tax credits for business firms which provide neighborhood assistance or community services to the impoverished. Table 17 summarizes the findings of the survey. In essence, providing benefits for volunteers is a fairly new concept. Deductions have been available for charitable contributions, but little consideration has been given to donated services. Now that there appears to be

Table 17

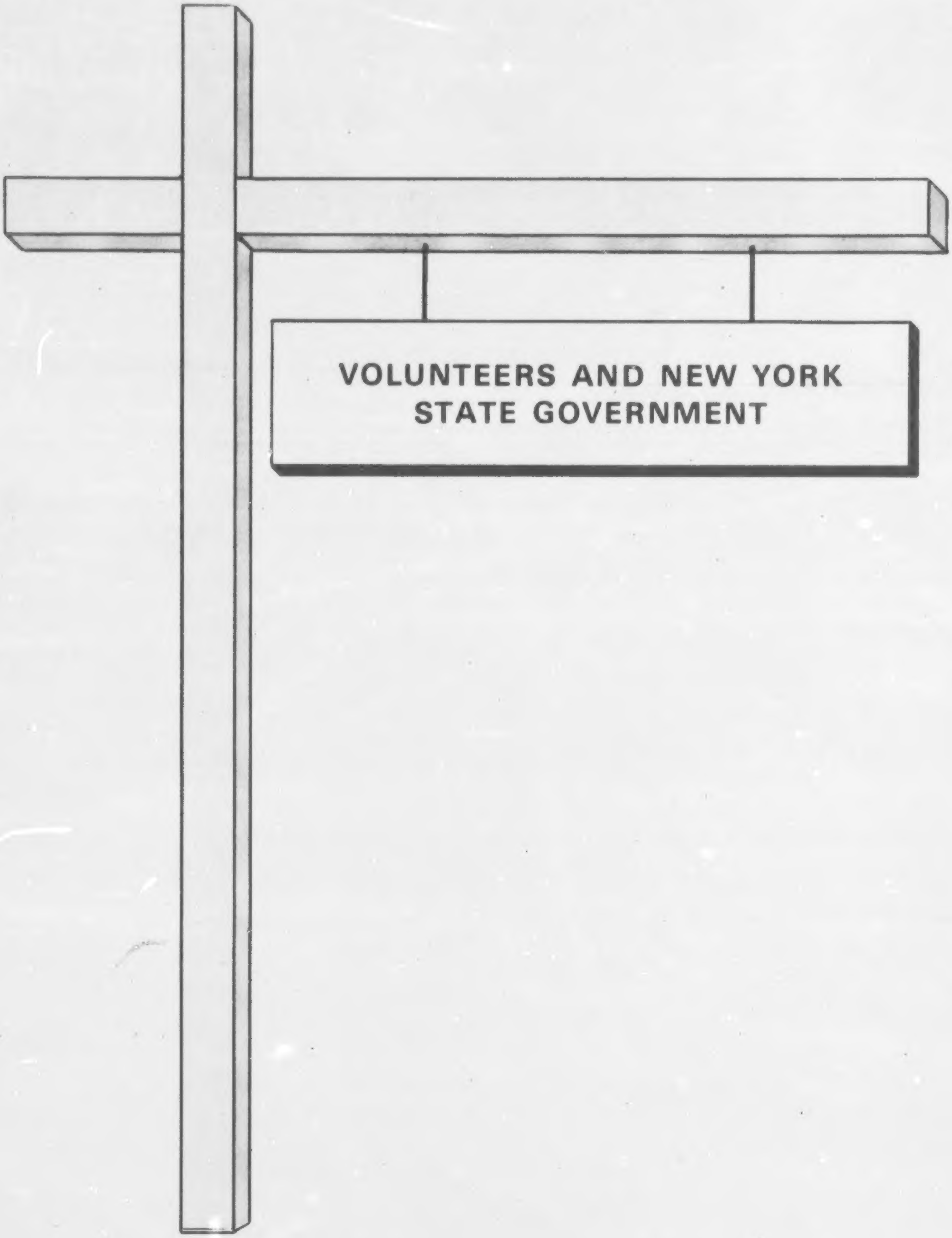
Reported Benefits for Volunteers

State	For Volunteers in State Service	For Volunteers Generally
Arkansas	travel reimbursement; may furnish meals; liability protection	23 cents/mile deduction for travel; meals and lodging deductible
Colorado	none	11 cents/mile deduction for allowable activities
Connecticut	none	training and experience credit towards state employment
Florida	liability protection	none
Idaho	liability protection; expenses reimbursement; Workers' Compensation coverage	liability exemption for food donations
Iowa	none	mileage deduction for travel set equal to rate for state employees
Minnesota	some agencies reimburse expenses	none
New Mexico	none	training and experience credit towards state employment;
North Carolina	liability protection	training and experience credit towards state employment; mileage deduction for travel set at 90 percent of business rate
Virginia	none	tax credits for business firms which provide neighborhood assistance or community services to the impoverished

growing recognition of the need for volunteer assistance in the delivery of public services, efforts are being made to stimulate higher levels of volunteer activity.

The volunteer benefits that are now being provided help volunteers meet the costs that they incur in the giving of their time or assist them by preparing them for career changes or advancement. They do not provide a compensation that is in any way equivalent to a salary; doing so would defeat the concept and value of volunteerism. But offering modest benefits recognizes that there are inherent costs to volunteers in their efforts to be of service. Many nontraditional volunteers such as the retired, the economically disadvantaged and displaced homemakers can help their communities or be of assistance in state programs with modest assistance. Reimbursement for mileage helps defray commuting costs, which have become a significant factor since the oil boycotts of the 1970's. State assumption of volunteer liability on the same basis as liability protection for paid employees meanwhile recognizes that volunteers are now performing significant services for government and need the same defense against suits for damages where malice is not a factor as paid employees performing the same or similar tasks. Offering training and experience credit for state employment also strengthens the voluntary sector by enabling nontraditional volunteers--students and displaced homemakers, for example--to strengthen their credentials for employment in a competitive job market that now stresses possession of the requisite skills prior to hiring.

The creation of SOVCPs and the provision of several limited benefits for volunteers in other states indicate that actions can and have been taken at the state level to stimulate volunteerism. These other states have been concerned enough about the potential value of increased volunteerism to adopt programs that seek to make more effective use of this relatively inexpensive manpower resource. New York State has also taken several important, initial steps to make better use of its voluntary sector, with some state agencies blending volunteers into their programs and several modest benefits already being provided for volunteers. The next section of this report examines how three New York State agencies make use of volunteers and it outlines several benefits that are already available for volunteers. It also reports on several earlier attempts to establish a State volunteer office in New York. Knowing what already exists is an important first step in developing policies to promote volunteerism because they ought to complement each other and mesh well with existing programs in order to build upon each other in the most financially efficient manner for State government.



VOLUNTEERS AND NEW YORK STATE GOVERNMENT

VOLUNTEERS AND NEW YORK STATE GOVERNMENT

The use of volunteers by government to supplement or increase its services is not a new concept; a number of New York State agencies already utilize extensive, well-organized volunteer efforts. At the same time, New York now provides several benefits that could be of use in promoting increased volunteerism across the State. This chapter will review three examples of how volunteers are presently used by State agencies to demonstrate that volunteerism can fill an important role in the preservation of the vital human services that have been adversely affected by the federal budget cuts. It will then look at existing benefits provided by New York State for volunteers which could serve as a cornerstone for a new policy for promoting volunteerism. It will also summarize earlier, preliminary work that was done to create a State volunteer office in New York, seeking to ascertain what would be needed to start up such an office now were the State to follow that route to strengthen its voluntary sector.

STATE AGENCY USE OF VOLUNTEERS

While not every State or local agency could be reasonably expected to benefit from an increased use of volunteers--they would not, for example, be of much use in construction work on highways or bridges--the experiences of three State agencies that have made effective use of volunteers indicates that the volunteer can become an even more important component in the delivery of human services. Volunteers have filled important and challenging roles with State agencies, helping State programs fulfill their missions while enabling regular State employees to increase their effectiveness in a time of limited resources. The three agencies--the Department of Corrections, the Division of Substance Abuse Services and the Office of Mental Retardation and Developmental Disabilities--that were selected for the overview of their use of volunteers demonstrate that volunteers can make significant contributions to State and local programs and are being used in an effective and professional manner by State agencies. In no way, however, was their selection meant to be critical of any other State agencies; use of the volunteer in State government is already too widespread to be thoroughly catalogued by a report of this length.

Department of Correctional Services

The Department of Correctional Services is one of the State's agencies that makes significant use of volunteers in the attainment of its primary function, which is the rehabilitation of criminal offenders. According to its Director of Correctional Volunteer Services, the Department utilizes 3,000 volunteers on a regular, monthly basis for services other than entertainment, which works out to approximately one volunteer for every eight inmates (1). Entertainment involves a similar number of volunteers, but they are not accounted for in the same manner as other volunteers. Volunteers are used by the Department to supplement correctional services in a number of areas, including:

- instructional assistance in areas like art, drama, music and vocational training;
- prerelease assistance in finding jobs and housing, training in resume writing and practicing job interviews;
- religious services;
- one-to-one counselling; and
- legal, medical, and other professional services (2).

Citizens with a wide variety of backgrounds and expertise are thus utilized by the Department in its mission to rehabilitate its inmates.

Volunteerism in prison work began in 1813 in England and quickly spread to the United States, where volunteers were instrumental in developing the concepts of probation and correction (3). The nature of that involvement has changed over the decades as the science of penology has matured.

> The citizen volunteer's entrance into the correctional process evolved as the concept of corrections replaced that of punishment of criminals. However, as the various areas of corrections became professionalized--taken over by persons specifically trained for this type of work such as counsellors, social workers, psychologists, teachers, etc,--the role of the private citizen was virtually eliminated. By the middle of the twentieth century the professionals had almost completely assumed the positions previously held by volunteers.

> By the 1960's correctional practice was brought full circle. With the increase in the crime rate after World War II, prison populations swelled and professionals were unable to provide guidance, treatment and control to the numerous offenders. Human concern for the incarcerated led us as a society to take a closer look at the manner in which we offered treatment. It was becoming evident that private citizens have a tremendous personal stake in the correctional process and that they must become involved with offenders, the majority of whom will one day return to their communities (4).

The Director of Correctional Volunteer Services reports that in that vein, the Department's primary goal behind volunteer involvement has changed from "increasing the community's awareness and understanding of the criminal justice system through increased involvement in the delivery of services" to "increasing inmates' employability once they are released." (5)

Nationwide, the number of volunteers involved in corrections has been increasing dramatically in recent years. One observer reports that 250,000 citizens give time every week as volunteers in some phase of criminal justice work and that the number of volunteers in correctional agencies has doubled in the past decade (6). The need for such rapidly escalating involvement has been clear to many correction professionals.

> In these times of fiscal restraint, increased accountability, reduction in personnel, and, in general, doing more with less, volunteers are increasingly needed to perform a variety of services in correctional agencies--not to replace professional staff, but to enhance their effectiveness (7).

The volunteer program in the New York State Department of Corrections has expanded to the point where it has supervisors of volunteer services at 20 of its 33 institutions statewide, lacking such coordination only at its smaller facilities. The Department does not do mass recruiting, even though it has a promotional flyer and a comprehensive orientation manual for guiding volunteers. One attempt to go public with television and radio spot announcements brought a deluge of responses to the facility that attempted it, overtaxing its ability to make use of the new volunteers (8). Such an overwhelming response argues that there may well be a large pool of volunteers available for many critical human services if only it were more extensively tapped. Instead of mass recruiting, the Corrections Department prefers selective recruiting that meets inmates' needs without compromising security. The Department's effort is highly professional, with training, recordkeeping and public relations support. That effort to utilize volunteers includes a carefully developed policy directive that instructs coordinators how to best administer and supervise their volunteer services programs. Rehabilitation of the inmate is their ultimate goal.

> Through the efforts of volunteers the inmate is stimulated to accept and participate in a variety of available programs and services intended to return him to a normal and productive life. Contact with the larger community enables the inmate to be exposed to new, constructive ways of utilizing leisure time and offers him an opportunity to gain a better perspective of his ultimate role in society. Prison chapters of national organizations such as A.A., the Jaycees and N.A.A.C.P. reinforce positive participant attitudes which help make this possible (9).

The volunteer in Corrections is thus part of a highly professionalized program that seeks to blend the citizen into the agency's mission through involvement that is meaningful to both the volunteers and those they aid.

Division of Substance Abuse Services

In its mission to reduce the incidence and prevalence of drug abuse, the Division of Substance Abuse Services utilizes volunteers in three primary ways.

- Volunteers serve at the Divisional level on committees and groups for the purposes of providing "outside" input on a number of Division initiatives and directions.
- The Division funds, supports and regulates a statewide network of approximately 400 community-based programs which provide a variety of drug treatment, rehabilitation, intervention and prevention services. Volunteers are frequently active in administrative, public relations and fundraising roles with these programs.
- The Division is working with a number of existing and newly established community action groups, outside its network of funded services, to help initiate volunteer activity at the local level. Volunteers are involved in identifying and resolving drug abuse problems (10).

These broad ranges of activities suggest that, without supplanting existing State personnel, volunteers have made important contributions to the Division's work and have found direct involvement in the delivery of local services.

At the Divisional level, the Citizens Alliance to Prevent Drug Abuse (CAPDA) analyzes "drug abuse issues and advises the Division on how private sector resources can best be utilized to address problems throughout the State."

(11) A 40-member group which includes business, labor, education, clergy and parent organization representatives, CAPDA has sought to:

- increase awareness of the extent of the drug problem throughout New York State;
- increase awareness of the prevention, intervention and treatment services available;
- assist communities in developing initiatives to deal with local drug problems; and
- increase private sector involvement in State and local efforts to fight drug abuse (12).

CAPDA thus fills a vital role by using volunteers to help professionals and concerned local citizens identify the problems and mobilize the resources to deal with drug abuse problems.

Another group providing Divisional-level support is the Committee on Prescription Drug Misuse. Established in 1978, it is comprised of medical, industry, labor, pharmaceutical manufacturing and drug abuse treatment and education experts who are developing programs and materials to heighten the public and health professionals' awareness of prescription drug dangers, misuses and dependencies (13). In meeting this objective, the Committee serves as a central information resource and organizes special education programs.

Division personnel have identified a variety of useful roles through which volunteers aid drug programs funded by the Division. These have included:

- promoting program goals, objectives and services in their communities at civic and communitywide functions;
- conducting fundraising activities and direct solicitation drives;
- responding to requests for program information;
- distributing program literature; and
- providing office and clerical support (14).

Volunteers also donate their time in activities, like alternative youth programs and community "hot-lines," that involve them in the direct delivery of services to the clients of the Division's funded programs. In addition, each funded program has a "Board of Directors" composed of volunteers who reflect the needs of their communities (15).

Voluntary sector community groups assist the Division's outside funded programs by assessing drug problems and locating resources that can aid in solving them. Many of these groups develop educational efforts and local projects to combat drug abuse. The Division noted one such project, the "Stop Marijuana Week," organized by the Flatbush Coalition of Concerned Clergy and Community of Brooklyn. A week long, unified series of sermons, school assemblies and classes, parent meetings, radio interviews and newspaper stories spotlighted the dangers of marijuana use by the Borough's youth (16).

The Division has felt that volunteers meet an "important need" in its assignment to reduce the incidence and prevalence of drug abuse. It has stated that, "In view of fiscal cutbacks at all levels of government, the use of volunteers is further amplified. The New York State Division of Substance Abuse Services shall continue to utilize volunteers, and endorses efforts to promote increased volunteerism." (17) Here, too, volunteers have found meaningful roles at the State and local levels. The Division is one more State agency that gives credence to the argument that volunteers can be used to good effect in the delivery of needed human services.

Office of Mental Retardation and Developmental Disabilities

The third State agency in this overview, the Office of Mental Retardation and Developmental Disabilities (OMRDD), makes wide use of volunteers in providing "qualitative" services to its clients. In 1981-82, the Office recorded 1,133,275 hours of service from 39,659 volunteers (18).

OMRDD manages its volunteers in a professional manner. The Office is completing work on a volunteer administration manual and annually recognizes the volunteers at its facilities across the State with recognition banquets at which certificates, plaques and a volunteer of the year award are presented (19). That volunteer of the year recognition parallels the recognition given to the outstanding paid employee, thereby testifying to the importance of volunteers in OMRDD's operations. OMRDD's Director of Volunteer Services, noted that "the volunteer brings a quality into the life of the client" that is important to the agency but difficult to measure in strict dollar terms (20). Of importance to the development of policies seeking to promote volunteerism in New York State, he added that many volunteers are interested in obtaining employment experience that will aid them in the job market (21). Volunteers' interests in using their experience to aid in their search for employment ties in to the Gallup findings discussed in the earlier chapter entitled "The Nature of Volunteerism" and supports the Director's belief that volunteers deserve "stringent," or professionally-constructed, job descriptions. Where they are used, job descriptions help volunteers select the type of position they would like to fill and could help to document their experience when they apply for paid positions.

OMRDD's draft policy manual for volunteer administrators includes sample job descriptions for volunteers in recognition of that need and serves as a guide to volunteer administrators by outlining administrative procedures, characteristics of volunteers, volunteer benefits, recognition techniques and professional ethics for volunteer service administrators among its major topics. It clearly recognizes the importance of the volunteer in fulfilling the agency's overall mission.

> The essential ingredient of any volunteer services is the volunteer. The word conjures up varying images to various persons. Some think in terms of 'free help' others 'aids to staff', 'unpaid employees', etc. Volunteers are persons offering time and talents to the service of others. That is no small offer and deserves an appropriate response (22).

Volunteers have thus made a major contribution to the work of OMRDD and have experienced a professional and carefully thought-out approach to their use.

EXISTING BENEFITS FOR EMPIRE STATE VOLUNTEERS

New York already provides important benefits that could be used to promote volunteerism generally and increased voluntary service with State agencies. Foremost among them is the acceptance of relevant volunteer experience in qualifying for Civil Service positions. In addition, the State provides Workers' Compensation and liability coverage for "regular" volunteers in approved State agency programs that could be an enticement for obtaining voluntary experience in the State's delivery of human services. These benefits would have even greater impact were they more widely known.

Volunteers were allowed to deduct 9 cents per mile on their 1981 State income tax returns for automobile costs incurred as part of their volunteer work. That benefit, though, has been questioned by voluntary sector spokespersons as insufficient and discriminatory in view of the 20 cents per mile allowed for the unreimbursed business use of a vehicle. In that respect, the current volunteer automobile use deduction may not be one that would hold much promotional value for strengthening volunteerism were it publicized. Persons making charitable contributions may deduct them on their State income tax returns if they use the long form to itemize their deductions, but they will not be able to claim those contributions without itemizing even though Congress enacted a separate deductibility for charitable contributions for federal taxpayers taking the standard deduction. New York would have to take separate legislative action to extend that tax benefit to State taxpayers.

Civil Service Credit

Relevant volunteer experience has been accepted as a general practice by the State's Department of Civil Service since November, 1979. In announcing the new policy, then-Commissioner Victor S. Bayhou stated, "It is expected that the new policy will enhance State employment opportunities among women who plan to return to the work force after years as homemakers and mothers." (23) In essence, the Civil Service Commission was accepting volunteer experience as an affirmative action tool. The value of volunteer experience as an affirmative action tool was further recognized in a 1981 Department of Civil Service report on evaluating training and experience (T & E's) as a means of employee selection. The report noted:

> T & E's are one of the most frequently employed alternative selection procedures in cases where other selection devices, primarily written tests, have been found to have adverse impact. T & E's can be designed to allow candidates to demonstrate their possession of job-relevant KSA's [knowledge, skills and abilities], regardless of where and how those KSA's were obtained. Such T & E's do not rely solely on academic credentials or length of experience in specific paid employment settings as the only possible demonstrations of required KSA's. Consequently, they tend to have less adverse impact on groups that have traditionally been underrepresented in formal academic settings and in certain occupational fields. T & E rating plan options, such as crediting individual achievements rather than employment in a particular job title, or awarding credit for part-time, volunteer and life experience, also serve to broaden the opportunities for women and minorities to demonstrate their qualifications (24).

Many of the groups that have relied upon affirmative action can now benefit from volunteer experience, although the use of relevant volunteer experience is not limited to them alone.

Most open competitive examination announcements from the Civil Service Department now carry language announcing the recognition of volunteer experience. Phrases such as "part-time or volunteer experience, that can be verified, will be accepted on a prorated basis" or "appropriate unpaid or part-time experience which can be verified will be accepted on a prorated basis" announce the Department's willingness to accept relevant experience. Many local civil service commisssions also accept volunteer experience (25). The Department of Civil Service treats such experience in the same manner as full-time, paid employment, prorating it and investigating it in the same manner as it does other experience when doing pre- or post-hiring credential checks. The Department reports that it has a wide distribution of examination announcements, including libraries, employment offices and, where appropriate, special sites for particular announcements (26). New York State thus possesses a particularly useful promotional tool when seeking to stimulate increased volunteerism because verifiable volunteer experience, whether with government or voluntary sector agencies, can give an individual a boost in the competition for paid employment in the present tight job market.

Workers' Compensation and Liability Benefits

Volunteers who serve on a regular basis with State agencies can receive certain State employee insurance benefits, specifically Workers' Compensation and liability coverage. Workers' Compensation is provided for under Section 3 of the Workers' Compensation Law, which in part states:

> The head of any department of the state government may, with the prior written approval of the director of the budget, accept or approve the acceptance by any bureau, agency or other unit within said department of the services of a volunteer worker without salary, and such a volunteer worker shall be deemed to be an employee in the employment of the state in the unclassified service for the purpose of this chapter (27).

If their work would otherwise qualify them for Workers' Compensation coverage, then volunteers are eligible for it provided that the agency with which they volunteer has received permission for the extension of that coverage to them.

Volunteers are under State liability coverage through Section 17 of the Public Officers Law, which provides for the defense and indemnification of state officers and employees. It extends that coverage to "a volunteer expressly authorized to participate in a state-sponsored volunteer program." (28) They thereby receive the same liability protection, if they are in such a state-sponsored program, as paid employees as long as any action requiring coverage was not willful and wrongful or an act of gross negligence.

These benefits are important to volunteers because a volunteer could sustain an injury in the course of his or her activity for which they are not covered by private insurance. Lack of liability coverage might also be a drawback for some due to fear of suit brought against them for some nonnegligent act that they committed while volunteering--similar to the fear that the "good samaritan" may face a lawsuit resulting from a well-intentioned attempt to help an injured individual in need of immediate assistance. The existence of these benefits gives the State another promotional tool for recruiting volunteers to help in the provision of the human services that have been endangered by the federal budget reductions.

PRELIMINARY WORK ON A STATE VOLUNTEER OFFICE

Considerable background research has been done towards the creation of a New York State Office of Voluntary Citizen Participation. Even though it is dated, it can serve as a guide for what would be needed to initiate a SOVCP to help strengthen New York's voluntary sector as part of a larger, creative strategy for meeting the challenge of the New Federalism.

Background Research

According to a position paper prepared by an Ad Hoc Committee of State Agency Administrators of Volunteer Service Programs, federal and state initiatives to create and support SOVCPs across the nation grew out of a 1968 National Governors Conference recommendation (29). Initial efforts towards the creation of such an office in New York State began in 1970 with the convening of an interdepartmental committee, representing 19 State departments and agencies, to:

- coordinate existing citizen participation programs;
- compile a resource inventory of volunteer programs; and
- initiate programs for the recruitment and training of volunteers (30).

Among the early efforts it undertook to achieve these goals was a 1971 conference of State and private sector leaders that it convened at the Institute on Man and Science at Rensselaerville, New York, on "Volunteerism: A Voluntary-State Government Relationship." One of the conference's major recommendations was its call for the creation of a State Office for Volunteers.

At the time the interdepartmental committee began to fall into disuse in 1974 due to the "absence of Executive coordination, direction, and support" (31), the federal government launched its program to establish state volunteer offices across the country. Several proposals were drafted by parties interested in the creation of a SOVCP for New York for submission to ACTION between 1975 and 1977, but they were not officially submitted for approval. The highwater mark in those efforts to create a SOVCP was reached in July, 1978, when State and voluntary sector representatives met in Albany to review what had been done towards establishing a State volunteer office in New York and to develop the concept further.

> Some discussion was held with regard to detailed objectives but it was generally felt that the citizens board (New York State Council on Voluntary Citizen Participation) should ultimately determine these objectives (32).

The meeting also generated three budget proposals, envisioning an $85,000 barebones effort, a $165,000 medium-size operation and a $300,000 maximum impact program. Those attending the meeting agreed that the maximum impact program was the budget most desirable (33). The group's general conclusions are worth noting because they provide a starting point for work on a new proposal. They are reproduced in Table 18. Unfortunately, gubernatorial election year politics took precedence in 1978 and the group's efforts did not come to fruition. New assignments and other responsibilities removed several participants from the process while, at the same time, the State's attention was focused on developing the means of escaping the Empire State's economic eclipse. The impact of that shifting of priority to other issues provides a sound rationale for legislative enactment of a State volunteer office if attempts to establish one for New York are renewed.

ACTION Funding

ACTION has a series of very specific requirements that must be met if federal funding is to be obtained for the initiation of a SOVCP in New York. The details are spelled out in Volume 45, Number 65 of the Federal Register, but a brief review of the major points is summarized below for the purpose of gauging the responsibilities that would accompany federal support. The major requirements are to:

Table 18

Summary of the 1978 State Volunteer Office Proposal (34)

I. Organizational

- a) Office should be able to function independently but be a part of the Governor's Office for the purpose of status/clout.
- b) Permanence of office should be guaranteed through legislation.

II. Inter-relations with other agencies and/or organizations (private and public)

- a) Need to clearly define relationships and responsibilities.
- b) Critical to have an advisory board.
- c) Necessary to deal with the New York City-New York State situation.
- d) Labor unions and business/industry involvement is essential.
- e) Need to work with Federal Office of Voluntary Citizen Participation.

III. Staffing

- a) Recommend Civil Service standing for all staff with only Director classified as an exempt position to prevent problems relative to lack of continuity.
- b) Assistant Director and other administrative personnel should be professional volunteer services administrators with public and private sector experience.

IV. Functional

- a) Important that office focus on coordination to minimize duplication of effort.
- b) Careful consideration must be given to a clarification of the limits of authority in the setting of policies and standards for volunteer programs. (Will there need to be a New York City Office?) (Other regional locations?)
- c) The office should have authority to represent State government agencies in acquisition of funding for volunteer services programs. Left to individual agencies, the prospects are dim.
- d) Important to maintain a generally nonpolitical operation.
- e) Need to include functional capabilities such as program planning and development, research and evaluation, grantmanship, etc.

- organize and support a state coalition of voluntary sector organization leaders to mobilize their organizations' membership to address specific statewide needs;
- disseminate information collected on voluntary action and citizen participation;
- prepare and distribute at least one publication or brochure annually to report on the Office's achievements;
- develop and implement a state plan for volunteer recognition;
- assist government agencies and nonprofit organizations to expand or develop citizen participation and voluntary action activities to meet basic human service needs;
- develop an organization of citizen volunteers to support state government human service initiatives or programs;
- develop and/or strenthen programs, activities or organizations of former Peace Corps and VISTA Volunteers; and
- assist local governments with their development of voluntary action and/or citizen participation offices (35).

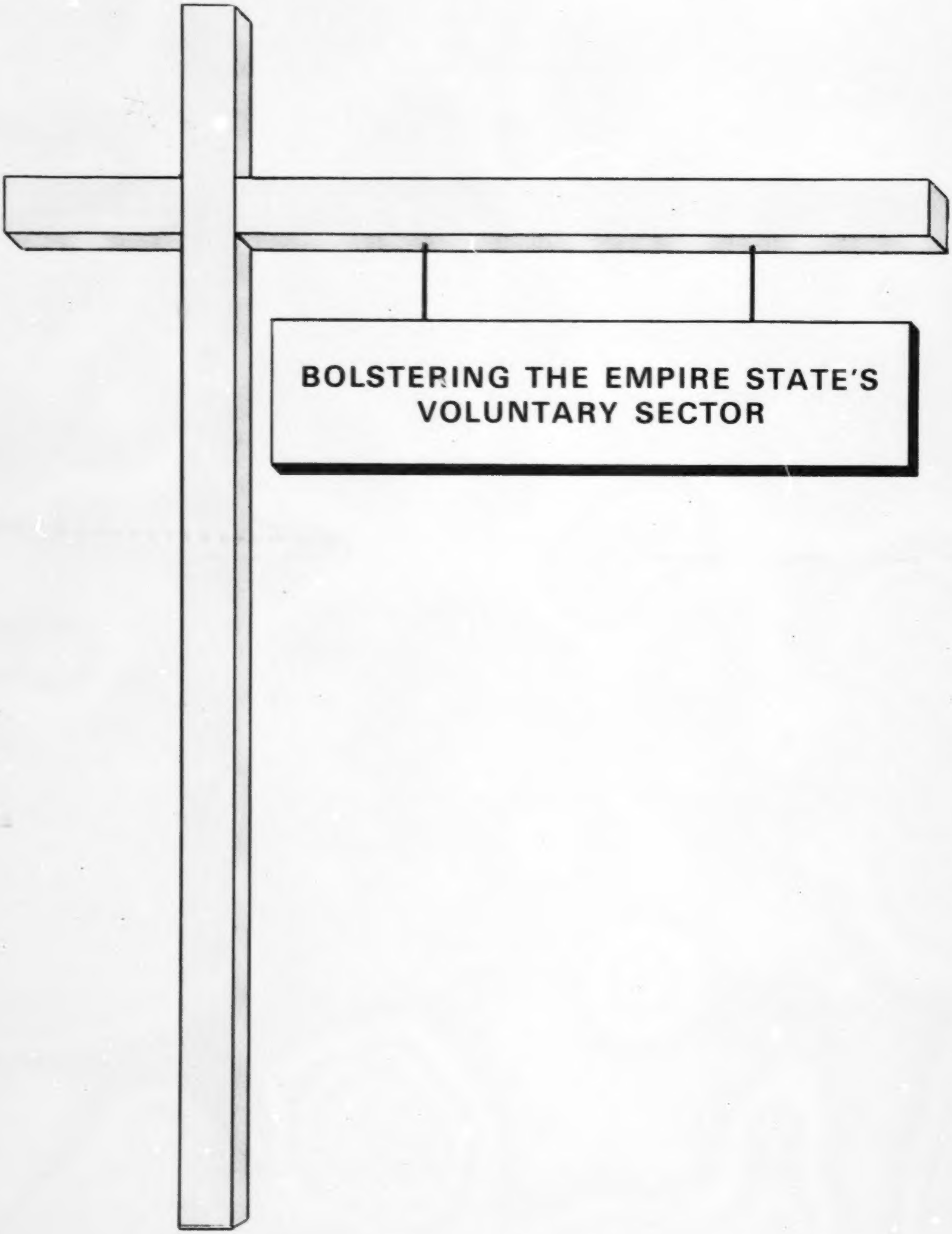
The State would, in addition, be required to develop and implement an Advisory Committee to the State Office of Voluntary Citizen Participation. Other, optional activities are open to the State office under the ACTION grant, but these are the major responsibilities it must meet if it is to seek and maintain ACTION funding. Most of the ACTION requirements, though, match the activities envisioned for a State office by its proponents.

ACTION funds are now, according to unofficial sources, limited to a $50,000 grant the first year with, as before, decreasing support in succeeding years. The grants are generally not available following the fifth year of ACTION funding. They do serve as a start-up grant, but they simultaneously carry responsibilities that must be seriously pursued if the funds are obtained.

THE STATE OF VOLUNTEERISM IN NEW YORK

Volunteerism is alive and well in New York State government. As the overview of the three selected State agencies demonstrates, volunteers can provide valuable assistance to their agencies while being managed in a professional manner. The State also provides several benefits that could be used to promote additional volunteerism. The acceptance of relevant volunteer experience by the Department of Civil Service for qualifying for State employment has potential for aiding both government and voluntary sector agencies in their quest for more volunteer help. The Workers' Compensation and liability coverage afforded "regular" State volunteers can serve as an additional incentive for attracting volunteers to State human service programs. Meanwhile, the groundwork done on the creation of a State volunteer office could be used as a starting point for the final attainment of that goal. The ongoing successful use of volunteers by State agencies, the existence of some benefits for volunteers in New York and the groundwork done on the creation of a State volunteer office are all worth keeping in mind as recommendations are developed for strenthening volunteerism in the Empire State.

The following, and final, chapter of this report sets forth five proposals for bolstering volunteerism in the Empire State. It bases those recommendations on the surveys taken of State's local Voluntary Action Centers and the state volunteer offices across the country, the examination of the nature of volunteerism and its potential for offsetting the federal budget cuts that affect the delivery of human services and an understanding of the current state of volunteerism in New York State government. While not attempting to be all-inclusive, the recommendations will hopefully provide a sound basis for strengthening volunteerism while offering a creative new strategy for coping with the New Federalism that does not jeopardize New York's recently restored economic competitiveness.



BOLSTERING THE EMPIRE STATE'S VOLUNTARY SECTOR

BOLSTERING THE EMPIRE STATE'S VOLUNTARY SECTOR

FIVE PROPOSALS FOR ACTION

Federal budget cuts are going to have a profound, potentially negative impact upon the delivery of human services in the Empire State. Yet New York cannot simply increase its own tax burden to make up for those cuts; doing so would erase the taxcutting progress achieved since 1977 that has begun to break the cycle of relatively deeper recessions and weaker economic recoveries that New York has experienced in comparison with the nation as a whole. Simultaneously, inflation has pressured families to seek supplemental part-time income or even compelled previously nonworking spouses to enter the job market as second full-time wage earners, drastically altering the pool of potential volunteers in the State as well as limiting who can afford to donate to charitable causes. High transportation costs and other expenses have imposed additional limits upon those who continue to volunteer their time. New York State's voluntary sector thus faces tough challenges that it must overcome to assume the greater role in the delivery of vital services that is necessitated by the federal cuts.

After analyzing those challenges, reviewing the proposals advanced by the Voluntary Action Committees (VACs) in response to the Task Force's survey, examining the efforts made by other states to promote volunteerism and discussing tentative recommendations with State and voluntary sector representatives, the Senate Task Force on Critical Problems has developed recommendations for State action that will enable the voluntary sector to more effectively contribute to the delivery of human services. If adopted, these recommendations will strengthen the voluntary sector by:

- creating a State Office of Voluntary Citizen Participation that would promote volunteerism statewide, provide training and other technical services to local agencies and develop a statewide resources data bank;

- providing tax breaks for volunteers who donate significant amounts of their time to State and community agencies as an incentive for increased citizen participation;
- increasing the volunteer mileage deduction rate from 9 cents per mile to the business rate of 20 cents per mile to ease the transportation cost barrier;
- providing an income tax deduction for otherwise nonitemized donations to encourage smaller donors to support charitable agencies; and
- publicizing existing State benefits for volunteers more thoroughly to stimulate new individuals to enter the voluntary sector to obtain work experience and other useful advantages.

While these recommendations do not cover every action that could promote volunteerism in New York, as a group they provide the State with a significant means of preserving, and perhaps later expanding, endangered human services without radically increasing State or local expenditures. Each is oriented towards the individual volunteer. Though the proposal for the creation of a State volunteer office for New York does not at first seem to be so oriented, it is directed toward benefitting the individual volunteer because it seeks to improve recruiting techniques to help bring more individuals into the voluntary sector and aid agencies and organizations to make more effective and satisfying use of their volunteers. An exploration of these recommendations shows how each will benefit the State and how each can be implemented at minimal cost to the State.

CREATION OF A STATE OFFICE OF VOLUNTARY CITIZEN PARTICIPATION

A State Office of Voluntary Citizen Participation (SOVCP), as proposed in this section, could strengthen New York's voluntary sector through several creative approaches. Although such an office need not be established through legislative action, it is recommended here that the legislative route be followed. A legislatively created office would be less likely to be abandoned as a predecessor's "pet project" when a change in gubernatorial administrations occurred and, with clear legislative backing, it would have a better chance of obtaining the limited ACTION funding that may be available as "seed" money for SOVCPs. The State office ought to be established as closely aligned to the

Governor's Office as is possible in the organizational framework of State agencies in order to give it the maximum possible impact with other State agencies and the greatest possible prestige for working with New York's private and voluntary sectors. Ideally, it should be an independent agency within the Executive Department, with its chief administrator reporting directly to the Governor.

A State volunteer office, once it is functioning, could provide many of the services that were found to be needed by the Task Force's survey of local Voluntary Action Centers across the State. Specifically, a New York SOVCP could:

- create a computerized listing of resources available across the State for meeting community and State agency needs;
- coordinate training for community service agencies, drawing upon State government resources and private sector skills which might not be available in a given community;
- meet with New York State employers to encourage corporate volunteering programs;
- promote volunteerism through a public relations/publicity campaign;
- promote greater use of volunteers within State agencies to supplement or enrich existing programs; and
- encourage more volunteerism studies and activities at schools and colleges in the State to strengthen the volunteer ethic among Empire State students.

These are not the only services that a SOVCP could offer, but they are important, initial efforts that would make the State Office a valuable resource for the Empire State.

Computer File

One of the first tasks of the new State office should be the development of a computer file of human service needs and resources, beginning with the information it collects as it works with other agencies and local VACs. Those computer files would be an ongoing project which would include, but not be limited to, matching agency and community needs with:

- volunteer interests and skills;

- corporate resources;
- outlets for publicity; and
- agency resources available for sharing.

To keep costs low, existing State computer resources should be utilized by the project. Success will also be conditional upon an intake interview, performed by a local participating agency, that provides the background on each volunteer that is recruited by any promotional efforts so that those recruited through such efforts could be contacted as needs arise that could utilize any other time or skills that they might possess.

Training for Local Agencies

Training, particularly management training, is needed by local agencies. The Task Force's survey of VACs found, for example, that one third of the agencies responding to the survey felt that assistance with training was one way the State could help to promote volunteerism. Community agencies often lack the resources to develop their own training programs. Their staffs are already overburdened with their agencies' primary functions; they lack the funding to utilize outside training resources; and their staffs do not always have expertise in the fields in which the training is needed. Employees and volunteers that excel in the direct provision of services too often become managers or administrators without the essential training that would help to ensure their success. State agencies and the private sector meanwhile possess considerable administrative expertise that could be drawn upon to train local managers and administrators. An Empire State SOVCP could serve as the catalyst in matching local training needs with State agency and private sector expertise from the same or a related field. The State office itself would provide only very limited training, principally confined to those areas of volunteerism for which there are no other readily available resources; its primary function would be to generate outside assistance and coordinate its delivery.

Development of New Volunteer Resources

New resources could also be developed by the SOVCP. Three areas where considerable potential for volunteering exists are in the private employment sector, among senior citizens and among students. The SOVCP could approach businesses about developing corporate employee loan programs, through which company talent, be it administrative, clerical or blue collar, could be loaned on a short-term basis to government or voluntary sector agencies for specific projects. The SOVCP could meanwhile work with the State Education Department, the State University system and private colleges to develop curricula and activities examining the value of community service and promoting volunteering among students. Although many State agencies already make very effective use of volunteers, the State office could work with the various units of State government to ensure even greater and more creative use of volunteers throughout the State.

However, it is paramount that volunteers be used by the State to increase or improve its services and not to replace paid employees. The State's employees ought to be free to view volunteers as a resource designed to make them more effective, not threaten their jobs. Were the latter view to emerge, State employee morale would be endangered and the value of the volunteers would be undermined, thereby decreasing productivity per tax dollar rather than increasing it through the effective use of volunteers.

Public Relations/Publicity Campaign

The public relations/publicity campaign envisioned ought to be launched as a coordinated effort involving SOVCP, other State departments and voluntary sector agencies. It could gain immediate public recognition by building upon the State's "I Love New York" campaign, tying involvement in volunteer activities to pride in the State. Seeking to both promote and channel greater citizen volunteering, the campaign could develop newspaper articles, television public service spots, flyers and other inexpensive promotional aids to publicize the critical need for volunteers. At the same time, the campaign should publicize the existing benefits for volunteers and any new ones that are enacted. The effort needs to be very broad-based in its appeal as the Gallup data has shown that volunteers, as a group, have initially been motivated to donate their time through a wide variety of reasons. Coordination would be the key, and that would require a survey of local VACs and State agencies, and perhaps a series of regional meetings, to develop a comprehensive list of what needs could be met through a multimedia campaign.

Office Size

A State Office of Voluntary Citizen Participation need not be an expensive operation. It is best kept modest, drawing upon existing resources wherever possible and making use of the same volunteer programs it would be promoting for others. Its use of volunteers could extend to the creation of a 20- to 50-member advisory council composed of State agency, local government and voluntary sector representatives which would keep the office informed of the needs and the interests of volunteers statewide. Council members would be reimbursed only for expenses incurred in the performance of their duties. Some offices in other states have been started with total budgets as small as $100,000, part or all of which was initially provided through ACTION grants. With ACTION grants now limited to about $50,000 for those state office projects that are approved for funding, most or all of the funding for a New York State Office would have to come from the State itself. Depending upon the level of services that the New York Office would be expected to provide, the optimal funding would run between $125,000 and $250,000 annually. The minimum operation, to be worthwhile, would require a director and several staff assistants that, with secretarial support, would be responsible for taking needs surveys, planning meetings, developing the computerized resources data bank, initiating a public relations campaign and starting the other projects envisioned in these recommendations. Staffing above the minimum level, though, would enable the State Office to begin its work more quickly and respond to State and local agency needs more readily.

INCOME TAX DEDUCTION FOR VOLUNTEER SERVICE

The use of tax incentives could be another avenue for promoting volunteerism in New York State. While tax incentives alone would not likely draw the desired numbers of new people into the voluntary sector, such incentives could serve as an enticement to provide greater service than before and demonstrate that New York State is serious in its efforts to encourage greater volunteerism. Such incentives would thus have both actual and symbolic impact. Following that logic, the standards for qualifying for a tax incentive should be set high enough to generate an increase in service that would easily outweigh any lost tax revenues.

Senator Joseph R. Pisani introduced legislation in 1980 (S. 9378) that would have amended Section 615(b) of the Tax Law to provide an increased personal income tax deduction for persons donating 50 or more hours of their time during the taxable year for any one organization of the charitable nature specified by the legislation. In 1981, the Senate passed an amended version of the bill (S. 1588-B), but the Assembly did not act on the proposal. Reintroduced as S. 8094 (later amended to S. 8094-A) in 1982, the bill was modified from the earlier version to establish a higher threshhold for volunteer services. It, too, was passed by the Senate but failed to obtain adoption in the Assembly. The 1982 version required a minimum of 100 hours of unpaid, volunteer service during the taxable year, compared with 50 hours in the version passed by the Senate in 1981. However, the time could have been split among up to three qualifying organizations instead of just one. Senator Pisani's staff reports that S. 1588-B would have cost the State approximately $4.9 million in tax revenues had it been enacted while S. 8094-A would have cost only about $2.0 million due to its stiffer time requirements for qualifying for the deduction (1).

Agencies utilizing volunteers would need to keep records of the time donated by their supporters, but this would be a minor administrative duty. Volunteers could fill out time cards which would then be signed and filed by their supervisors so that, if audited by the Department of Taxation and Finance, those volunteers could produce a certified record of their time contributions. That is not a major departure from what is now required for cash contributions when taxpayers are audited.

Referring back to the survey conducted for Independent Sector, the Gallup data can be used to calculate the potential maximum tax revenue loss for New York State had S. 8094-A been enacted (see Table 19). To accomplish this, the Gallup data on the number of hours volunteered by respondent income level was matched with New York State Department of Taxation and Finance data that breaks down the number of taxpayers in the State per income group. By breaking volunteers down into income categories (Column 1) to run the cost calculation for the bill, it becomes clear that not only is there a higher level of volunteering at the upper income levels, it is also evident that there is very significant volunteering at all income levels. Those in the higher income levels tend to volunteer more for the charitable type of activities that would qualify them for the deduction than those in the lower income groups, but there is less difference here between the groups than there is on the criteria of volunteering sufficient hours to qualify for the tax benefit (2). The maximum number of New York State taxpayers per income group who could benefit by the Pisani proposal can be estimated by multiplying the number of taxpayers in each income group (Column 2) first by the percentage of the group that volunteers sufficient hours (Column 3) and then by the percentage volunteering in the charitable areas that qualify them for the benefit (Column 4). By these calculations, approximately 1,200,000 taxpayers could qualify for this benefit (Column 5 total). The actual number

Table 19

Estimated Maximum Cost of S. 8094-A (Based on 1980 NYS Tax Returns) (3)

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6
Income Group	Number of Taxpayers	Percent Volunteering Sufficient Hours	Percent of Those in Qualifying Areas	Number of Qualifying Taxpayers	Average Number of Hours Donated by Qualifying Volunteers*
Under $4,000	498,278	12.5	65.0	40,485	400
$4,000-$6,999	944,948	17.0	67.0	107,630	400
$7,000-$9,999	1,126,184	19.5	74.0	162,508	400
$10,000-$14,999	1,599,319	21.0	72.0	241,817	400
$15,000-$19,999	1,148,228	21.0	72.0	173,612	400
$20,000 and up	2,003,430	31.5	76.0	479,621	400

	COLUMN 7	COLUMN 8	COLUMN 9	COLUMN 10	COLUMN 11	COLUMN 12
Income Group	Average Estimated Value of Volunteer Hours*	Calculated Average Total Value	Average Deduction (5% max.)	Effective Tax Rate	Benefit Per Qualifying Taxpayer	Calculated Cost (Benefit/Taxpayer x Number of Qualifying Taxpayers
Under $4,000	$10.00/hour	$4,000	$200	.012	$2.40	$97,164
$4,000-$6,999	$10.00/hour	$4,000	$200	.018	$3.40	$387,486
$7,000-$9,999	$10.00/hour	$4,000	$200	.025	$5.00	$812,540
$10,000-$14,999	$10.00/hour	$4,000	$200	.035	$7.00	$1,692,719
$15,000-$19,999	$10.00/hour	$4,000	$200	.045	$9.00	$1,562,508
$20,000 and up	$10.00/hour	$4,000	$200	.077	$15.40	$ 7,386,163
				MAXIMUM TOTAL COST		$11,920,562

*Nationwide, rather than income group figures, were used in these two columns. No standard exists, as yet, for the actual value of volunteer services.

would be considerably lower, though, because nearly half of the Empire State's taxpayers do not itemize while others would not for various reasons, such as not filing the required records of their donated hours with the agencies for which they volunteered, take advantage of the benefit on their itemized returns. In going on to calculate the maximum potential cost of the legislation, an average number of hours annually volunteered by qualifying volunteers was used for all income groups (Column 6). That average figure was used because the data did not give a detailed enough breakdown to justify using any other figure. No absolute value for volunteer services is available by income group, thus the figure of $10.00 per hour was used in Column 7 as a logical one that is, incidentally, roughly three times the minimum wage. Calculations of the value of volunteer services have sometimes used the minimum wage as their basis, but it is unlikely that taxpayers claiming this benefit will be so conservative in their approach.

Volunteering 400 hours per year at $10.00 per hour, qualifying taxpayers could annually claim $4,000 worth of donated services per year (Column 8) which, on the average, would allow them to deduct $200 from their unadjusted incomes (Column 9) because the bill permits them to claim 5 percent of the value of their services up to a maximum of $500 per taxpayer. Utilizing the effective tax rate (Column 10), which is calculated from Department of Taxation and Finance data on income tax returns, the average benefit per qualifying taxpayer in each income group (Column 11) falls within a range of $2.40 for those reporting less than $4,000 annual income to $15.40 for those reporting an income of $20,000 and over. These per taxpayer benefits, multiplied by the number of qualifying taxpayers in each income group (Column 5), yield a maximum cost of just under $12 million for New York State (Column 12). That is a maximum figure, however, and not the likely cost, which ought to be considerably less as it is extremely unrealistic to assume that every qualifying volunteer will take advantage of the benefits, as explained above.

The maximum cost analysis for S. 8094-A begins to provide an indication of the value of volunteer services in New York State. It, too, is a rough estimate because $10.00 per hour is not a figure that can be used with absolute certainty, but it is a reasonable working estimate. Those volunteers who would presently qualify for the Pisani benefit generate an estimated $4.8 billion worth of services in New York State annually. Extending a similar approximated value calculation to all adult volunteers, the Empire State receives $11.5 billion worth of services from its voluntary sector (4). S. 8094-A is one means the State has to recognize and encourage its volunteers at an extremely small cost in terms of the benefits received. The legislation does not seek to provide a salary equivalent for volunteers, which would negate the financial advantages of using them, but it starts to address the long-neglected need to encourage their efforts and make more effective use of citizen talents in an era of limited government resources.

The potential value of the concept behind the Pisani bill is enormous. Looking at just one segment of the population--the 13 percent who volunteer at least one but less than two hours per week--the legislation would pay for itself several times over. With roughly seven million taxpayers in New York State, there would be about 910,000 taxpayers who volunteer one to two hours per week. If only 5 percent of that group could be motivated to give an extra 60 minutes of their time per week, and that time were valued at $10.00 per hour, qualifying organizations and government agencies would receive an additional 2,366,000 hours of assistance worth $23.7 million annually. No certain measure of the impact of S. 8094-A is available, but such reasonably conservative calculations place the value of the Pisani bill to government agencies and volunteer organizations at twice the maximum calculated cost of the legislation and at least six times its estimated likely cost. The restrictions on the types of organizations for which volunteer time credit could be claimed help to ensure that State and community public services will benefit from the bill's enactment. The legislation's effectiveness would be enhanced if a State Office for Voluntary Citizen Participation were publicizing its benefits in a campaign coordinated with local voluntary action centers, government agencies and community service programs to encourage greater citizen volunteering.

VOLUNTEER MILEAGE DEDUCTION

The volunteer mileage deduction proposal is an uncomplicated issue. Individual income tax payers were allowed to deduct 20 cents per mile on their 1981 State and federal tax returns for the unreimbursed business use of their automobile. In cases where automobiles are needed for such business use, the vehicle is used to generate the taxpayer's income, which in turn is taxed to provide the financial support necessary for the provision of governmental services. Individual taxpayers, however, were only permitted to take a 9 cents per mile deduction on their 1981 State and federal returns for the charitable use of their automobiles. With a need for greater emphasis on volunteerism for the delivery of public services, it is important to recognize that there are very real costs to volunteers that ought to be addressed through the mileage deduction. Transportation costs have escalated enormously since 1973 and have been one of the major contributors to the inflation that has caused many families to seek additional sources of income (and, incidentally, decreased the pool of nonworking spouses available for volunteer work). Where the use of the car in volunteer work is not a major expense, the deduction will have little meaning; where its use is absolutely essential, as in rural areas, the deduction would be an important tool for facilitating volunteer involvement by individuals who face significant transportation costs. Pegging the volunteer mileage deduction to the business use deduction would provide a measure of equity and it would declare that New York State now takes volunteerism seriously as a means of overcoming federal budget cuts and expanding or enriching the delivery of State and local services.

EXTENDING THE DEDUCTION FOR CHARITABLE CONTRIBUTIONS

Senator Roy Goodman's bill (S. 2455-A/A. 3181-A) would permit New York State income tax payers who have taken the State standard deduction to modify their federally adjusted gross income for the purpose of calculating the State income tax by the amount of federally allowed eligible charitable contributions. This would permit taxpayers who take the standard deduction to take credit for their charitable contributions, thereby seeking to stimulate even greater charitable giving by those individuals. Its initial cost is likely to fall into the $5 to $8 million range based upon a comparison of initial versus maximum potential costs similar to that estimated for the Pisani income tax deduction legislation. The Goodman bill received Senate passage in 1981 and 1982 and had previously been passed as S. 9124-A in 1980. Its adoption would bring the State into conformance with the new federal provision for a separate deductibility.

The Goodman bill's potential benefits for the nonprofit sector were analyzed by Dr. Ralph L. Nelson of the City University of New York's Queens College in a June, 1981 study done for a New York City coalition of voluntary sector organizations (5). Some of the conclusions contained in his report are outlined below.

- Through the 1970's the tax incentive to make charitable contributions was markedly diminished in New York State. This reflected a series of frequent and sharp increases in the standard deductions in both the New York State and Federal income taxes. The resulting after-tax cost of contributions was substantial and widespread in its effect.

- A number of econometric studies have shown that the taxpayers most affected by the standard deduction have shown a high degree of responsiveness to the tax deductibility of contributions. When choosing to deduct contributions, such lower and middle income families have shown differences in giving which are greater than the differences in the after-tax cost of giving that deductibility afforded.

- The high responsiveness of low and middle income taxpayers to the tax deductibility of giving means that the benefits resulting from the enactment of a separate contributions deduction will exceed the cost. This means that the increase in the private support of philanthropic agencies will be greater than the increase in the cost to New York State in the form of reduced personal income tax revenues. It is estimated that separate deductibility (at 1977 levels) would have produced an increase of $88 million in contributions at a cost to New York

State of $54 million in tax revenues. The benefit would have been 163 percent of the cost.

- The estimated reduction in New York State personal income tax revenues for 1977 of $54 million would have been 1.24 percent of total 1977 revenues from this tax of $4.36 billion. At this cost, the State would have induced the private expenditure of $88 million on philanthropic activities, many of which it would have had to support in the absence of the increase in private support.

- The younger taxpayers of New York State have been especially affected by the elimination of the tax incentive to give as hundreds of thousands of such individuals are in the lower and middle income ranges. A very powerful association between the age of a person and giving level exists, and the association is much more pronounced for itemizers than non-itemizers. Thus, the removal of the tax incentive in the crucial years of early adulthood will determine the aggregate levels of giving over the lifetimes of people, with major consequences for personal giving over the next generation (6).

These conclusions are based upon detailed examinations of New York State income tax statistics and calculations of the price elasticity of giving. They make a strong case for adoption of a plan, such as that embodied in S. 2455-A, that would encourage greater charitable giving by enabling a significant number of new taxpayers to deduct their donations from their taxable income.

Even with the 1981 enactment of the federal deduction, a California study done by the Field Research Corporation shows that charitable giving would be stimulated by both a State and federal deduction (7). In a survey it took as part of its study, the Field Corporation discovered that 17.5 percent of California taxpayers who took their state's standard deduction would increase their giving in response to the availability of both state and federal non-itemized deductions for charitable contributions (8). In referring to the Field survey and to his own analysis of New York State tax data, Nelson believed:

> The finding suggests that the opportunity to itemize, regardless of the magnitude of the tax savings, may itself be important as an inducement to give. This could be expected to apply to the behavior of taxpayers in New York State as well as in California. The amount of the increase in giving, of course, would probably be greater under combined Federal and New York State deductibility since the greater combined effective tax rate would mean a lower net after-tax-cost or 'price' of giving.
>
> The fact that almost as high a percentage of California taxpayers said that they would increase their giving under state-only separate deductibility is corroborated by the response of New York

> State taxpayers observed through the 1970's. As shown above, the changes in standard deductions under the Federal and New York State income taxes differed as to timing and amount, and these differences were reflected in different itemization practice under the Federal and State taxes (9).

Nelson's study therefore argues in favor of the enactment of a separate New York State deductibility even though the federal government has acted upon one of its own already.

Nelson's cost analysis that projected a $54 million loss in tax revenues in 1977 in return for an $88 million increase in charitable contributions is supported by the same type of analysis as that performed for S. 8094-A. The Task Force on Critical Problem's approach to the cost of the Goodman bill estimates the maximum cost based upon the assumption that those now not itemizing on the long form would take advantage of the separate deductibility at the same rate as those now itemizing because they, too, would eventually be motivated to make charitable contributions due to the extension of the tax benefit. Using State Department of Taxation and Finance data to calculate the tax revenue loss in Table 20, a maximum potential cost of $48.8 million is obtained. Because data on charitable contributions was available only for long-form filers, the total falls a little short of Nelson's estimate of $54 million; inclusion of short-form users, who are found under the $20,000 income level, would raise the total to about the same as Nelson's. The major difference between the two sets of calculations centers upon the income level at which most of the tax break would be effective. Nelson believes that the greatest breaks would go to those taxpayers in the $4,000 to $20,000 income range; data on existing behavior shows that the greatest breaks would go to those grossing more than $20,000 due to the effective tax rate's progressively higher bite at upper income levels and the ability of those taxpayers to make larger contributions. Part of this difference, though, derives from the assumptions behind the two sets of calculations. Nelson's analysis attempts to predict behavior based upon the price elasticity of contributing and the source of the new contributions that the legislation would generate. The Task Force estimated the cost of the benefit based upon existing behavior. They are therefore not in actual conflict, but rather measure approximately the same results from a different vantage point.

Data from the Department of Taxation and Finance supports the contention that the greatest gains will probably come from taxpayers with middle incomes if S. 2455-A were adopted. Those who already are able to itemize

Table 20

Estimated Maximum Cost of S. 2455-A (Based on 1980 NYS Tax Returns) (10)

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	
				Amount Claimed	
Income Group	Number of Taxpayers Itemizing	Number of Contributors Itemizing	% of Itemizers Claiming Contributions	Total (000)	Per Contributor
Under $4,000	205,043	10,422	5.08	$ 777	$ 74.36
$4,000-$6,999	242,097	62,546	25.84	13,848	221.41
$7,000-$9,999	304,777	145,502	47.74	48,686	334.61
$10,000-$14,999	595,609	418,611	70.28	156,007	372.68
$15,000-$19,999	593,210	515,834	86.96	232,602	450.92
$20,000 and up	1,609,524	1,552,437	96.45	1,765,017	1,136.93

	COLUMN 6	COLUMN 7	COLUMN 8	COLUMN 9	COLUMN 10	COLUMN 11
Income Group	Number of Taxpayers Taking Standard Deduction	Estimated Number of Contributors (at Itemizer Rates)	Estimated Amount of Contributions (at Per Contributor Rate for Itemizers)	Effective Tax Rate	Benefit Per Qualifying Taxpayer	Calculated Cost (Estimated Amount x Effective Tax Rate)
Under $4,000	179,001	9,093	$ 676	.012	$ 0.89	$ 8,112
$4,000-$6,999	415,694	107,415	23,783	.018	3.99	428,094
$7,000-$9,999	452,123	215,843	72,223	.025	8.36	1,805,575
$10,000-$14,999	579,576	407,326	151,802	.035	13.04	5,313,070
$15,000-$19,999	371,755	323,278	145,772	.045	20.29	6,559,740
$20,000 and up	411,209	396,611	450,918	.077	87.54	34,720,686
				MAXIMUM TOTAL COST		$48,835,277

at the lower income levels (under $7,000 annual income) show a much lower inclination to claim credit for charitable contributions than those at higher levels ($15,000 and above). Such individuals also have less capacity to make donations, as much of their income must be devoted to the essentials of food, clothing and shelter. Nonetheless, the two analyses are in agreement that there will be a very strong probability for increased contributions if the legislation is enacted. It would likely be several years before promotional and publicity efforts would generate the level of contributions that would raise the legislation's cost to anywhere near the potential maximum figure, in essence phasing in its impact on State income tax revenues.

PUBLICIZING EXISTING BENEFITS FOR VOLUNTEERS

Finally, there needs to be a more coordinated effort made to stimulate volunteerism in the Empire State through publicizing the benefits available to New Yorkers who volunteer and any benefits that the State might enact in the future. Foremost among these is the ability of State and local job seekers to claim work experience for volunteer work when applying for a Civil Service position. As noted in the preceding chapter, the State Department of Civil Service recognizes relevant experience when reviewing applications for employment or examination. That benefit can be a powerful tool in recruiting volunteers if properly promoted. Government and voluntary sector agencies hoping to recruit more volunteers are the ones who ought to be in the forefront of that effort as they are the ones who will reap the gains. The 1982 job market, with unemployment varying between 8 and 9 percent during the first quarter, is very competitive to the detriment of the job seeker. Untrained, inexperienced job applicants are likely to have greater difficulty obtaining employment than those with some training and experience. While volunteer work does not provide income, it can, through its training and experience, provide a competitive edge in the job market. This benefit to volunteering has considerable potential for recruiting two segments of the population that have time available for volunteer work: students and nonworking spouses. Most students will, of course, eventually enter the job market; volunteer work offers them an opportunity to develop employable job skills while still in high school or college. Nonworking spouses can volunteer as they have time available, such as when children are in school, to build up their skills and resumes for future employment. Other benefits obtained from volunteering, including the satisfaction that comes from aiding others, should not be overlooked in promoting volunteerism, but the training and experience potential of volunteer work needs greater emphasis. To achieve its maximum effectiveness, though, this proposal will require that agencies utilizing volunteers professionalize their use of volunteer workers by providing the job descriptions, training, supervision and work evaluation that will result in increased employability among the volunteers used.

The Gallup survey indicated that one tenth of all adult volunteers and one fifth of teenage volunteers were, at least in part, motivated to do volunteer work due to the job experience it would provide (11). To take greater advantage of this tendency to volunteer for employment experience, both volunteer agencies and the State need to emphasize this potential benefit of volunteering. Local VACs, charitable organizations and State and local government agencies that make use of volunteers will need to include emphasis on the job-experience benefits in their recruitment campaigns. Simultaneously, they must structure their volunteer work assignments, if they have not already done so, to make them more effective as relevant experiences for future employment. Doing so would involve the development of brief job descriptions and the provision, upon request, of performance evaluations and recommendations to prospective employers. Since the competition for volunteer workers is heating up as the need for additional family income increases, volunteer agencies must adjust to the new trends in the use of volunteers and offer the training, experience and other employment-related benefits that will attract volunteers to their operations. New York State needs to recognize this shift in the nature of volunteerism by making information about employment opportunities available to public and volunteer-sector agencies. If such agencies fail in their attempts to meet public needs through the use of volunteers, public pressure could mount to change the emphasis in public services to make up for the shortfall, thereby changing the roles, funding and perhaps even the organization of existing State agencies.

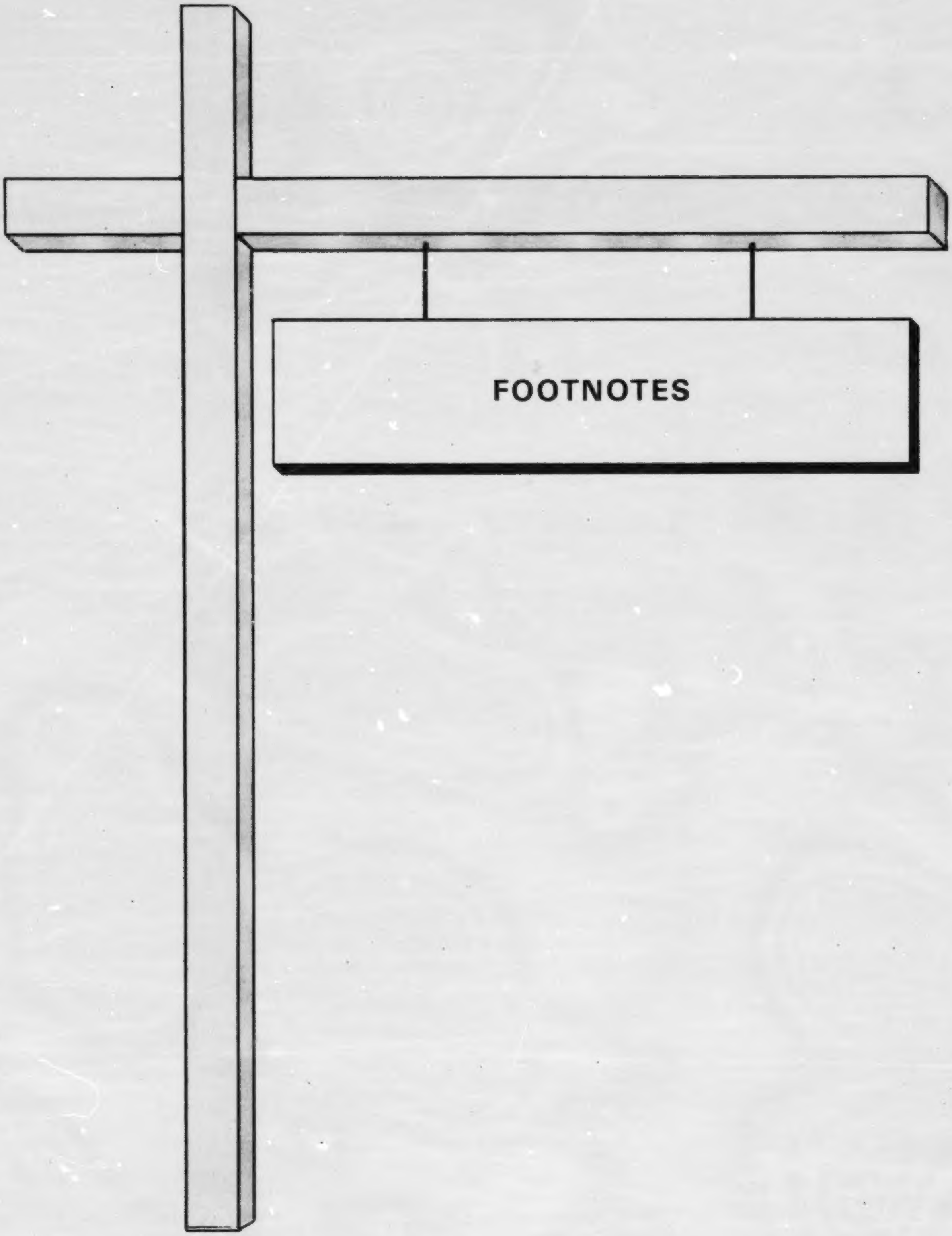
PROMOTING VOLUNTEERISM IN NEW YORK STATE

Enactment of all but this last of the five proposals will carry a direct cost to New York State, either in terms of lost income tax revenue or increased expenditures. The proposals providing a deduction for volunteer service, an increased deduction for mileage expenses, the nonitemized deduction for charitable contributions and the creation of a State Office for Voluntary Citizen Participation essentially seek to promote a public benefit by stimulating greater volunteerism in the Empire State. These efforts, though, can yield a strong return that far exceeds their cost. Such gains can be obtained if a coordinated effort is made to promote volunteerism through a State office that works with State and local agencies and the voluntary sector to make potential volunteers aware of the benefits open to them and to stimulate greater efforts from those already active in the voluntary sector. By attempting to promote a particular public benefit--specifically the preservation and strengthening of State and local human services through the greater and more effective use of volunteers--the five proposals put forward in this report are clearly based upon the philosophy that government should encourage desirable actions on the part of its citizenry. This is not, though, a departure from current practice because the Empire State has already successfully begun to reverse its economic eclipse through tax breaks and other State actions designed to promote greater business competitiveness and expansion. Promotion of volunteerism will actually be another advance on the path to economic recovery for New York because it will enable the State and its communities to preserve those services that enhance the quality of life in the Empire State without raising the taxes which, until recently, have hampered the State's economy. The $2.2 billion direct cost in lost services to New Yorkers from the FY 1982 federal cuts alone is nearly equal to the just over $2.3 billion in personal and business tax reductions enacted by the State from 1977 through 1981. Any attempt to offset the federal budget cuts on a dollar-for-dollar basis by State tax increases would therefore eliminate the considerable gains achieved in restoring New York's economic competitiveness.

The three tax benefits for volunteers supported by this report signify the importance of reaching out to present and potential volunteers directly. When it was attempting to escape its recent economic eclipse, New York State enacted tax breaks that reached out to a wide range of business firms and dealt with widespread concerns. The study on the job generation process conducted by David L. Birch of M.I.T. demonstrated that small firms were the backbone of employment growth nationally. Policies affecting the vast number of small businesses in New York were thus clearly needed to stimulate the State's economic revival, but incentives requiring special qualifications and considerable paperwork would not reach the proprietors of small businesses who lacked the expertise or manpower to seek them. Broad tax breaks were therefore the answer, and their implementation has helped the Empire State regain its economic competitiveness.

A parallel to that genesis of New York's economic revival can be drawn for the voluntary sector. While the State could legitimately aid specific agencies or types of agencies, the best way to achieve the maximum impact statewide is to reach New York's volunteers and potential volunteers directly. Tax benefits can serve that purpose, stimulating additional volunteerism to aid in the effort to preserve endangered human services. A unified promotional campaign conducted by a newly created State Office of Voluntary Citizen Participation in conjunction with State, local government and voluntary sector agencies could put those benefits to work to New York's best advantage. A State volunteer office could go on to make valuable contributions to the use of volunteers across the Empire State by arranging training programs for other agencies, maintaining a resources data bank, and providing the other types of services that SOVCPs have rendered in the other states that have them.

The combination of these tax benefits, the creation of a SOVCP for New York and the publicizing of existing benefits for volunteers--such as the Civil Service credit for relevant volunteer experience--offer a creative, alternative strategy for offsetting the federal budget cuts. Increased volunteerism should not be expected to solve all of the problems created by the federal cuts, as some reductions, for example, fall in areas not viable for significant volunteer involvement, but it can be a major component of the plan for coping with the new fiscal realities. The elimination of duplicated services and a search for greater efficiency and cost effectiveness should not be overlooked. It should also be remembered that not all cuts are in funds designated for State, local government or voluntary sector agencies. Some cuts will undoubtedly affect federal payrolls while others will reduce direct federal benefits to New Yorkers. New resources therefore need to be developed even if cuts to agencies in the State were somehow miraculously replaced at no cost to New York. Increasing the State's tax levy is not the answer because doing so would return the Empire State to the downward economic spiral that would ultimately affect government's ability to provide the public services that are dependent upon a healthy economy for their support. That leaves New York asking, "Are there any volunteers?"



FOOTNOTES

FOOTNOTES

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3. Data in Columns 2 and 10 calculated from: New York (State). Department of Taxation and Finance. Bureau of Tax Research and Statistics. Personal Income: Analysis of 1980 Personal Income Tax Returns. Table 1. pp. 4-5. Data in Columns 3, 4, 6, and 7 calculated from: Americans Volunteer 1981. The Gallup Organization, Inc. Princeton, N.J. Conducted for Independent Sector. June, 1981. pp. 20 and 8.

4. This $11.5 billion estimate for the value of all volunteer services in New York State greatly exceeds the $5.0 billion estimate that is prorated on a population basis from Independent Sector's $64.5 billion nationwide figure. Part of the difference is due to Independent Sector limiting its calculation to volunteer services rendered in a formal setting while another major portion of the difference results from the generally lower dollar per hour values assigned to volunteer work by Independent Sector for their calculations.

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